Newsprint Stocks in War (12-Page Supplement)

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The Nation's Business

War Demands Strength In All Cabinet Posts

REFERRING to the Cabinet change which demoted Hon. Ian Mackenzie from Defense to the Pensions and Health portfolio, the Vancouver Province remarks:

"Mr. Mackenzie showed considerable ability, but he made the mistake of allowing politics to sway decisions to too great an extent."

The Province then comments that Mr. Mackenzie has been "a good representative of Vancouver" and concludes with the thoroughly illogical and indefensible argument that "he has it in him to make a good Minister of Pensions and National Health.

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THE Province puts the truth mildly when it says Mr. Mackenzie "allowed politics to sway decisions to too great an extent." But it is hard to see how this qualifies him to be a good Minister of Pensions and National Health.

Elsewhere in this issue The Financial Post publishes the amazing facts about one of the contracts let by the Department of National Defense under Mr. Mackenzie. A group of insurance men, whose chief business is apparently that of insurance brokers, and two of whom are active "party" men, were given a contract to make a vital piece of defense equipment.

The facts published speak for themselves. They tell volumes about the unsound business practices that prevailed in the department under Mr. Mackenzie.

They indicate quite clearly that Mr. Mackenzie is not the type of politician who should sit in Canada's cabinet at all, whether in war or in peace.

Mr. Mackenzie's record is not one to inspire confidence in him for any cabinet office. It is an affront to Canada's veterans of the last war to have him at the head of their department.

Furthermore Canada is now at war. To fight this war successfully demands the strongest political leadership this country can muster.

It is not enough to put one or two good men at the top to administer key departments. Canada needs an entire cabinet of leaders. In such a cabinet there is no place whatever for a man of the record of Mr. Mackenzie.

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Newsprint's Chance For Leadership

THIS week The Financial Post publishes its annual review of the pulp and paper industry. In past years attention has been devoted to the problems confronting the manufacturers, current trade developments and an appraisal of likely developments in the year ahead. Within the past few weeks a wholly new set of conditions has arisen. War conditions have disrupted world markets. A re-allocation of tonnage is in the process of being worked out as between buyer and seller.

The pulp and paper industry in this country stands to gain very materially both as to volume of business and earnings as a result of war. It is difficult at this time to appraise the possible extent of the anticipated improvement.

But of greater long-term significance are the steps taken by the industry, and particularly the newsprint division, of adopting policies designed primarily to rebuild and consolidate friendly relations with publishers and other buyers. Such policies are far more important than any immediate prospects of gain.

By keeping in mind the interests of the user, the industry is building on a solid foundation; a foundation that will stand it in good stead when the abnormal conditions of war are replaced by those of peace. The policies followed so far are unquestionably in the best interests of the industry, as well as those of the investor and others who have waited a long time for Canada's major manufacturing industry to come into its own.

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Duplessis Election Shocks Public

ANNOUNCEMENT of an immediate provincial election in Quebec "on questions of the greatest importance, some of which, the most vital, have arisen recently" is of grave concern not only to all Canadians but especially to the great majority of French Canadians.

The Montreal Gazette assumes without hesitation that the only issue to be decided by this election is "the encroachment or seeming encroachment of federal authority on provincial rights." It argues that neither conscription nor the extent of Quebec's support for the allied cause are in question.

Even if this be true, even if the election can be fought without bitter controversies over French Canada's part in the war, an election in Quebec on any aspects of dominion-provincial rights cannot help but have a convulsive, perhaps a disastrous effect. For whether the Quebec vote centres around a war issue or merely constitutional issue, it cannot help but weaken unified effort toward Canada's participation in the war. It cannot help but put Quebec

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May Sidetrack Rowell Report After Issuance

War Results in Vast Changes — Dominion Has Wide Powers

REPORT READY SOON

By NORMAN A. WHITE
Staff Writer, The Financial Post

OTTAWA.—There is a difference of opinion on Parliament Hill as to what will happen to the report of the Royal Commission on Dominion-Provincial Relations, as a result of the outbreak of war.

It is suggested in some quarters that the report will merely be published by the Government and then shelved. Others feel that the Government will have to do something. Furthermore, they point out that the Dominion Government, because of the war, is now in a position to override opposition which might develop to some recommendations.

Those who expect the report to be shelved are not without grounds for their views. Conditions today are radically different from what they were several months ago. In the immediate future Canada will be faced with an entirely different set of conditions. Problems which a few months ago were of prime importance have dwindled in stature.

Recommendations of the commission will involve amendments to the B.N.A Act, but such action is not likely to be taken while Canada is at war. It would be an unpopular political move and would raise a howl of protest from some of the provinces. This is evident by the decision of the Quebec Government to hold an election and to make an issue out of alleged inroads into provincial autonomy by the Dominion Government.

Problems Dwindle

Some of the problems for which the commission has been attempting to find a solution will recede. They may not be solved but there will be temporary easement as a result of an increase in the national income, a decline in unemployment, higher prices and wages and full use of Canada's productive facilities.

Submissions to the commission stressed the importance of easing the burden of taxation on real estate. Now, however, the position of real estate is likely to improve without an adjustment in taxation powers and municipal responsibilities. As Canada's productive machine gets into full operation there should be a reduction in municipal social service costs. The value of real estate should improve and tax collections increase.

The financial difficulties of the three Prairie Provinces should also be lessened for the period of the war at least, although they will not be solved. Higher prices for agricultural products will mean less relief in these provinces and increases in revenues. This is certainly true of the current year in view of the large wheat crop.

Some Dominion aid to the western provinces may still be necessary, although this will depend on how high the price of wheat goes and the size of crops. However, the amount of assistance required will be smaller and the problem, therefore, less pressing.

Greater Centralization

It is well known that the Commission's report will recommend an

(Continued on page 2, col. 2)

Patronage Must Be Killed

Sound Business Practices Imperative in all Departments of Government — Three Insurance Brokers Hold Munitions Contract

Prime Minister King has taken defense purchasing out of politics and put it under an independent board headed by a capable Canadian industrialist, Wallace R. Campbell.

This is a step toward efficiency in one key department—war buying. But defense buying is only one phase of the war effort. Will Mr. King now take the necessary next step of eliminating politics, patronage and unsound business practices from **all** phases of government?

Politics and personal favoritism prevented the preparedness programme from being efficiently or economically managed.

The war found Canada without the equipment and supplies needed even for the modest peacetime needs of our conscientious and loyal militia organization—much less with the equipment needed to put defense organizations on a war footing. Tens of millions have been spent but, when the war came, we were either entirely lacking or tragically short of uniforms, modern service rifles, boots, tanks, armored cars, artillery, planes, ambulances, hospital beds, machine guns, anti-aircraft guns, etc.

It is important for Canadians to know just how politics, inefficiency and unbusinesslike practices have hampered our defense effort. Only by knowing the facts can they be made to realize the vital importance of getting rid of such weaknesses in every branch of government while the war is being fought and won.

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In the House of Commons, on September 8, Prime Minister King roundly denounced profiteering and political favoritism in the awarding of contracts and asked that information appertaining thereto be brought to his attention "in a way that will also bring it to the attention of the country."

Recently The Financial Post referred briefly to the part played by the Department of National Defense in a contract for manufacture of a war material by a company composed of insurance agents.

Here are further facts of this transaction that The Financial Post would like to place before the Prime Minister, his new Defense Minister, and the chairman of the War Supply Board.

As the country is at war, The Post will not refer by name to the item of equipment purchased, to the number purchased, to the exact cost, or to the name or location of the factory where the product is actually being manufactured.

The company involved is The Interprovincial Equipment Company of Ottawa.

Arrangements for the placing of the contract were made late in June of this year.

It called for the manufacture of a specified number of a certain article used in the training of one of the Dominion's fighting services.

The Interprovincial Equipment Company in a registered document has described itself as being engaged in the business of "metal manufacturers." In another record the company's business is indicated as being that of "locksmiths."

The Interprovincial Equipment Company is in fact a partnership of three insurance brokers who are the members of a well-known insurance firm in Ottawa.

The head office of The Interprovincial Equipment Company is the office of this insurance firm.

The company, according to credit agency reports, is not shown as having any plant for manufacturing.

Tenders were called for. The tender of The Interprovincial Equipment Company was the lowest submitted.

The tender of The Interprovincial Equipment Company was one cent per unit lower than the lowest tender submitted by a bona fide manufacturing company.

The president of The Interprovincial Equipment Company is a former president of a West Ottawa political association.

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The identity of the members of The Interprovincial Equipment Company is established by the following Declaration of Partnership registered at the Ottawa City Registry Office, January 10, 1938:

Declaration of Partnership

Province of Ontario,
County of Carleton.

We, Alfred D. Stewart, William M. Stewart and Herbert A. Plant, all of the City of Ottawa, in the County of Carleton and Province of Ontario, brokers, do hereby certify:

1. That we have carried on and intend to carry on trade and business as metal manufacturers in the City of Ottawa in the County

(Continued on page 2, col. 4)

Quebec Election Move Is Shock To Public

From Our Own Correspondent

MONTREAL. — Premier Maurice Duplessis' announcement that elections will be held in Quebec province on October 25 came as a shock to the opposition and the public, as well as to his own followers. The Union Nationale Government, which he heads, was elected to office in 1936 by an overwhelming majority. It had still two years to remain in office before going to the public for another five-year mandate.

The Government, says Mr. Duplessis, has "decided to submit to the electorate questions of the greatest importance." These questions seemingly boil down to the Premier's alleged belief that provincial autonomy is in danger of being abolished for the purpose of forming "but one government directed by Ottawa." He backs up this claim by referring to the steps taken by Ottawa under the War Measures Act and, in particular, points to the stringent regulations issued by the Federal Government on private and public finance.

Statement of Issue

In the course of his election announcement, Premier Duplessis said:

"Invoking the pretext of the war . . . a campaign of assimilation and centralization, manifest for several years, is accentuating itself in an intolerable manner.

"Ministerial orders have been passed by Ottawa, by virtue of the 'War Measures Act,' with the desire and the effect of centralizing at Ottawa, because of the war, all the finances of individuals, municipalities, provinces and the country in general . . .

"All attempts . . . of which the effect and consequences are to deprive the provinces of revenues which they need and which belong to them by virtue of the constitution . . . constitute a most reprehensible attack against provincial prerogatives."

During his comparatively brief term of office, Premier Duplessis has admittedly given to Quebec an aggressive government. At times he has been considered arbitrary and even dictatorial, but even critics admit he has endeavored to further the interests of Quebec as he has seen them.

Election Seen Gamble

It is generally believed, however, that both Premier Duplessis' own followers and the public at large will find it difficult to understand the calling of an election at this particular time. The alleged threat to provincial autonomy is considered questionable under present conditions.

(Continued on page 2, col. 1)

Fairchild Aircraft After Further Capital

From Our Own Correspondent

MONTREAL.—Fairchild Aircraft Ltd. is making arrangements to raise additional capital to meet expanding needs. While details have not been completed, it is said the company will raise $150,000 through sale of short-term convertible notes.

This financing carries special significance in that it would apparently be the first piece of corporation financing since the outbreak of war. Because of the relatively small amount involved, it is thought that there will be no wide public offering.

Burns and Co. Earnings Down

But Conditions Now Are Improving, Company Believes

Burns & Co. reports earnings in the first six months of the current year substantially lower than in the first half of 1938. The drop is blamed on reduced volume of hogs available in the West. In 1939 this quantity has been even less than in 1938, when a decrease of 40% was reported in the annual report.

During the past six weeks there has been a notable improvement, the company reports, both in volume of hogs available and in business conditions, because of the good grain crops throughout the West. The company anticipates a considerable improvement in remainder of the year.

Shortage of hogs in 1938 and 1939 was due to forced liquidation during the previous drought years. In many cases breeding stock was killed off and the packers have been unable to obtain sufficient supplies to come anywhere near requirements.

War Requirements Huge

Because of these conditions Burns & Co. has been unable to report satisfactory earnings in the past few years. There has also been generally reduced purchasing power of consumers in the west which hit sales.

With the advent of a good surplus of grain and satisfactory prices there appears justification for expecting a substantial upturn in business. It is believed that hog production in 1940 will increase about 25%.

War in Europe has already created a demand which it is doubtful if packers can meet. The British quota has never been filled since it was created and with war increasing demands considerably there appears little prospect of Canadian concerns meeting this additional demand.

Adjust Marts To Regulation Of Exchange

Clarification of Control Proceeds—Add Experts to Board

PERMIT SWITCHING

Canadian stock and bond markets have been operating ever since Sept. 15 under unprecedented conditions of control and restriction. Quite apart from the justification or otherwise of regulations of the Foreign Exchange Control Board, they have had the effect of effectively isolating Canadian markets from outside influences.

In the first place there has been much confusion. Brokers and investors and even authorized dealers did not know what was permitted and what was not. Hundreds of actual cases came up where there was doubt as to whether a formerly normal and everyday transaction would not be permitted.

But there is already evidence that business can carry on under the new set of rules. Details are being cleared up and brokers and investment dealers, not to mention the banks, are finding just what their powers are.

Board Adds Expert

Also the Board has added to its personnel men experienced in the actual operations of the bond and stock markets in Canada. Lack of such was apparently a serious hindrance in the early days of the new board. Even with the best of intentions, a board or official not familiar with the thousands of types of transactions and entries that go through the books of stock exchange members or investment dealers could not give service that satisfied the needs of the moment. This has been recognized and responsible officials of stock exchange firms and bond dealers recruited.

There has been some confusion regarding the status of margin accounts held by Canadians in other countries, which for all practical purposes means the United States. Debit balances in margin accounts were pegged as of Sept. 15. Within the limits that this imposes, Canadians can trade securities but they cannot add to their debit balances.

Limited Switching Permitted

Where a stock is found to be in a less favorable position than is some other stock, it is quite possible to switch from one to the other, provided that the relative balance in the account is not changed. The first regulations issued by the new board provided that any Canadian resident who held foreign securities on Sept. 15, after declaring such securities on form M, and providing the securities were held outside this country at that time can:

"Sell any or all of such securities and re-invest the proceeds of any such sale in other or similar foreign securities, provided only that negotiable securities shall be so purchased and that every such sale and re-investment shall be made in such country." No permit is required for such a transaction.

Negotiable securities would not include such permanent or semi-permanent investments as real estate or immovable assets.

If the foreign securities declared prior to Sept. 15 are actually in Canada, then a license to export must be obtained for any switching.

A Typical Problem

As an example of the type of problems that investors are presenting to The Financial Post for investigation, the following is a good illustration:

> Assume that a Canadian has a regular income of $500 per month coming to him from the United States from a company in which he is interested. Can he hold this money in the United States and have it invested in that country?

Apparently it would depend on the source of the regular payments. Supposing that the $500 a month was a pension received from a company with which the Canadian resident was formerly actively connected. In this case there would probably be no objection to the suggested procedure but a ruling from the Board would be advisable.

If the $500 a month was received for services rendered, perhaps as a salary or director's fee, then the recipient would have to declare the U. S. exchange received and use it

(Continued on page 2, col. 6)

Highlights

Still broader powers to probe and reassess estates on which succession duty has previously been paid has been granted the Ontario Government by the Legislature. Content and significance of the new statute, and cases of alleged fraud already penalized are surveyed in
Cite "Fraud" Charges—p. 15.

• • •

Persistent exploration over a period of years lies behind preparations of Upper Canada Mines to put its new mill into operation next month. Significance of the development and outlook for the property are appraised in a staff analysis.
Upper Canada—p. 27.

• • •

Outlook for Canada's pulp and paper industry under war conditions, and the special factors affecting the various groups and companies are fully surveyed in The Financial Post's annual review of the industry.
Pulp, Paper Supplement—p. 15-26.

$3 Billions of Securities Involved in Repatriation

Absorption by Dominion of British Held Canadian Investments, as Move in Canada's War Support to Britain, Has Sweeping Implications

Canada at War

Canada's participation in the European struggle means profound changes in the life of every citizen of this country, in the operation of all industries, in the Dominion's economic foundations.

Throughout this issue of The Financial Post are articles important to you in evaluating the impact of war on your business and on Canada.

Defense:
Training Pilots—p. 1.

Sabotage:
The Enemy at Home—p. 13.

Exchange control:
$3 Billions Repatriated?—p. 1.
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Newfoundland:
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Continue Transport—p. 11.

Pulp and paper:
War Widens Markets—p. 15.

Mining:
War Metals Lead—p. 28.

War Calendar *p. 3.*

From Our Own Correspondent

OTTAWA.—At the outset of war, Britain wants dollars and what dollars will buy from Canada, rather than an expeditionary force.

The official statement of war policy issued at Ottawa on September 19 makes this clear. About the same time the supreme war command in France issued a communique stating that the Allies, this time, will not throw their armies against heavily fortified enemy positions.

This war is to be a war of machines and of metal. Hence the emphasis laid upon the mobilization of purchasing power in Canada by the British Government.

The immediate trend of Canadian policy, in response to Britain's appeal, is foreshadowed in the statement of September 19. The Government declared:

"As has been anticipated, the British Government has indicated that Canada would be of most assistance at once by facilitating the purchase by the United Kingdom of essential supplies in this country. This will involve the 'gearing' up of Canadian industry to meet the heavy demands, and finding some way whereby Canadian dollars may be made available to the British Government to purchase the needed supplies in this country. In the first instance this will probably involve repatriation of Canadian securities held in London and, at a later stage, the granting of credits."

In effect, this means that the Canadian Government has agreed to fall in with the plan that Britain regards as the most effective for war purposes. First will come the repatriation of Canadian securities held in London and after that the granting of credits.

In actual practice it is likely that the two will proceed along parallel lines since Canada's ability to absorb securities now held in the U. K. may not be sufficient in the early stages of the war to finance all U. K. purchases here.

Machinery Not Ready

But, while Ottawa has agreed, it is evident that nobody has considered in detail the implications of the statement, nor has machinery to carry out the policy been devised.

It is presumed that the British Government will take over at market prices the investments of British investors in Canada. The British Government will pay these investors in sterling and will then own the securities.

To date none of these securities have actually been taken over.

Details Given

Details of British investments in Canada are given in a recent volume by the Bureau of Statistics—"The Canadian Balance of International Payments." These details, admittedly, are not exact. The actual figures on these investments are not known and the statistics given are generally regarded as minimum figures. When these investments have been taken over by the British Government, the grand total almost certainly will exceed the figure in the blue book.

Bearing this in mind, and assuming that the transfer will be as complete as possible, the importance of what is likely to happen may be judged by these facts.

The total of Canadian securities held by British investors in 1937

(Continued on page 3, col. 2)

Modify Plans For Air Arm

But Scheme for Training Canadian Pilots Not Abandoned

From Our Own Correspondent

OTTAWA. — Announcement that recruits are not now being sought for the Royal Canadian Air Force is not taken to mean that Canada has abandoned its plan of supplying trained air personnel to the British forces.

The announcement caused some concern in aircraft manufacturing circles, where it was feared that it might portend that certain plans for purchase of training planes would not be implemented. Among the companies especially well equipped to manufacture such machines are Fleet and de Havilland. They are believed in line for any such contracts that may be awarded.

While no official announcement has been made it is understood that the air training programme will go ahead. But it is desired not to let it get out of focus to the extent of hampering Canada's general war effort.

Some of the unofficial discussions about the pilot training programme have envisioned a scheme of a fantastic proportions—one that would have robbed Canadian industry of a large part of the skilled mechanics needed for production of munitions and other supplies, and would have put a heavy strain upon the country's war budget.

Five Point Plan

Information revealed in the House of Commons and in official statements have indicated that Canada's contribution to the common cause would emphasize the following:

1. Defense of Canada and of other British and French territories in this hemisphere.
2. Supply of munitions, foodstuffs, etc., to the Allies.
3. Granting of credits to the British Government.
4. An expeditionary force of one complete division, backed up by a second division in training at home.
5. In addition, the training of pilots and supply of planes, pilots and

(Continued on page 2, col. 7)

No Interference From Censorship

Legitimate Business Letters and Cables Will Go Through

From Our Own Correspondent

OTTAWA.—Enforcement of Canada's new and sweeping censorship regulations will not be allowed to interfere in any way with the course of legitimate business, officials state.

While a degree of censorship for mails leaving the country is being enforced it is not such as to affect any business letters either by a hold-up of correspondence or any interference with their contents. Presumably businessmen in foreign correspondence should be careful to avoid obscure statements on the chance that now or in the future such might come under the eye of censorship and lead to questioning. Otherwise it is entirely unlikely that they will know more than casually that censorship machinery is in operation.

Cables, of course, are in the natural course of events under scrutiny and telegraph companies are instructed not to accept private code. This, it is understood, does not affect the use of abbreviation so long as the meaning of the message is easily understood.

Higher Earnings Likely For Canadian Pacific

From Our Own Correspondent

MONTREAL. — Factors affecting the Canadian Pacific Railway with Canada at war, mostly pointing to higher earnings, include the following:

> Greater freight traffic as Canadian industry swings into wartime production.
>
> A giant wheat crop to move to tidewater.
>
> Probable decline in other sources of revenue such as hotels, telegraphs, steamships, etc.
>
> Little prospect of loans to Allies by the company, as in last war.
>
> Likely to make munitions in its shops.

Increased earnings were the experience of the C.P.R. during the 1914-18 period, and a similar trend is expected during the present war.

Greater Activity

Basis for the expectation of higher earnings is the prospective increase in Canada's production. Full production activity for our industrial and agricultural machinery is expected. Canada is expected to be a big supply base for the Allies. Thus, the C.P.R. cannot help but benefit.

In fact, improvement in earnings is already in evidence. To a very large extent this is due to the big wheat crop in western Canada, but war has also been a factor. Grain is moving from the prairies in large volume. It is being put in a position for export.

Most of the grain is moving east and this is likely to continue for the duration of the war. Because of the shortage of shipping and the necessity of convoys, the shorter ocean route from Atlantic ports to Europe now enjoys a distinct advantage over the Pacific route via the Panama Canal. For the C.P.R. this is an important factor for it means a longer haul on a considerable volume of grain.

An increase in rail earnings in the current year over 1938 seems assured. In the first seven months of the year gross earnings rose $1 million and operating expenses were reduced $1.7 million, resulting in an improvement in net of $2.7 millions. Traffic receipts for the first half of September indicate there will be substantial improvement in both gross and net in the current month.

In view of the large crop in western Canada, this trend can be expected to continue throughout the remainder of the year. Other traffic should also improve.

Net earnings from rail operations in 1938 were only $3 millions lower than in 1937. In view of the improvement to date it appears that the 1937 showing should be exceeded.

(Continued on page 4, col. 6)

Life Insurance Contracts Exempt

Payments to Non-residents Without Exchange Permits

Under the regulations of the Foreign Exchange Control Board, life insurance companies are free to carry out the terms of their policy and annuity contracts with non-residents, in the currencies in which they are payable, without having to obtain a foreign exchange permit.

In effect this means that non-resident policyholders or annuitants, as well as the companies, are exempted from having to obtain foreign exchange permits, when making or receiving payments under the terms of their policy or annuity contract. Non-residents can feel that business is going on as usual as far as their life insurance is concerned.

The terms of the exemption are stated clearly in section 15.

Aluminium Ltd. Loses Nazi Unit?

From Our Own Correspondent

MONTREAL.—Aluminium Ltd.'s international organization has been affected both ways by war conditions. Sales of aluminum has assumed major proportions because of war demands and the plants in Canada and elsewhere are reported to be operating at capacity.

On the other hand, it is not all "beer and cheese" with the company. Aluminium has or did have a plant in Germany which, by this time, has been taken over by the German Government. However, it does not have much bearing on the parent company's position, as the plant has been virtually closed for some time, nor has there been any revenue from it for several years. The German unit is a fabricating plant.

As far as can be learned there has been no change in the position of the company's other holdings in England, Italy, Switzerland, Australia and elsewhere.

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THE T. EATON CO LIMITED

Ottawa Might Get Control Of C.P.R. by Repatriation

The scheme of economic mobilization for war launched by the British and Canadian Governments and now under full sail has within it the potentialities which might result automatically in the Canadian Pacific Railway being controlled by the Canadian Government.

The outbreak of war has brought to an end for the time being at least the C.P.R.'s unification campaign. Railway executives, it is understood, take the view that they have an essential public utility, subject to Government control and that nothing must embarrass the Government while Canada is at war. It is regarded probable in Ottawa that a committee of executives of the two railways will be appointed to coordinate traffic and to facilitate shipment of war supplies.

Possibility that through the economic mobilization scheme the Canadian Government might in certain circumstances come into control of a majority interest of the common and preferred stock of the C.P.R., does not yet seem to have stirred more than casual interest in railway or Government circles.

Here is how this might eventuate: Main factor in the British scheme for economic mobilization is the building up of vast credits in Canada. Repatriation of Canadian securities held in Great Britain will likely be one of the first moves to this end.

Investors in Great Britain hold 99.97% of the preferred shares of C.P.R., 53.06% of the common shares and more than half of the bonds.

Probable mechanics of repatriation would be that the British Government would take these over at the market price along with other Canadian securities held by British investors, who would be paid in sterling. Thus the British Government would be owners. Then the Canadian Government might buy these securities and pay for them with dollars placed at Britain's disposal in Canada. These dollars would then be where Britain wants them to further her war effort, and the Canadian Government would hold a controlling interest in the C.P.R.

There are several conceivable variations in the mechanics of repatriation, but the whole move opens interesting possibilities both for the C.P.R. and for Canada's railway problem.

Quebec Election Shock to Public

(Continued from page 1)

The financial conditions laid down by Ottawa are not construed as delegating to the Dominion Government more authority than is provided for in the constitution under a state of national emergency.

In some quarters at least, Premier Duplessis' dramatic move is interpreted as a desperate gamble to assure another term of office before the public wakes up to what his "progressive" policies have cost the taxpayer. Under the Duplessis regime there has been a substantial increase in provincial expenditures on roads and social services. As a result some sort of a financial crisis looms ahead.

While the premier has made the question of provincial autonomy the main plank in his platform his real grievance, some observers believe, is the putting of the money markets under the control of the Dominion. The stage is being set, it is asserted, for blaming Ottawa for the present state of Quebec finances.

The election platform adopted is generally admitted to be full of dynamite. Feelings in Quebec were stirred seriously during the conscription issue in the last war. The province is still considered hostile to any similar move in this war, and especially at this stage. Mr. Duplessis may have hopes of capitalizing such hostility in the coming election although the situation is believed considerably changed from 25 years ago.

Today Quebec support for the war effort is gaining day by day. Mr. Lapointe's noble words in Parliament are accepted as speaking the views of most people in his province. Recruiting has been very successful among French Canadians, anxious to strike a blow against the Nazi attack on Church and Freedom. Only at compulsory military service does French Canada balk.

An important factor is the Catholic Church, which is now reported strongly behind Canada's present war effort. In the last provincial election and since Mr. Duplessis and his party worked very closely with the Church.

There is also the question of opposition strength. Since the last election it has been divided and consequently weak. Whether it can be organized effectively and in time remains in doubt.

May Sidetrack Rowell Report

(Continued from page 1)

increase in the authority of the Dominion Government and greater centralization. This will now develop without amending the B.N.A. Act. It is an inevitable result of the outbreak of war.

The constitution provides the Dominion with wide powers in the event of a national emergency such as war. It provides for supremacy of the Dominion Government when conflict arises. Provincial powers are then subject to restriction in favor of Dominion powers. Exclusive provincial competency in certain matters no longer exists.

This is one of the main reasons why some observers do not expect the Commission's report to be implemented. They expect necessary adjustments in Dominion-Provincial relations will be secured, temporarily at least, under war powers.

Possible Recommendations

Details of the Commission's report are not available as yet. However, informed sources state it will recommend assumption by the Dominion of the entire cost of such social services as unemployment relief and old age pensions. It will also suggest a major refunding scheme of provincial debts, possibly under Dominion guarantee. A large degree of control over provincial borrowing may also be included.

In return for assumption of certain responsibilities by the Dominion the provinces are to be asked to surrender some taxation powers such as income taxes, corporation taxes and succession duties. In the final analysis, however, the financial burden on the Dominion treasury was to be increased.

The Dominion, of course, is not desirous of assuming additional burdens in view of the heavy drain on its treasury caused by the war. Furthermore, refunding of provincial debts under wartime conditions would be a colossal task.

As for taxation, the provinces can expect further inroads by the Dominion into the field of direct taxation. This, in fact, is evident from the recent budget when income and corporation taxes were increased

Present indications are that the Commission's report will be submitted to the Government late in October. The main part of the report has been virtually complete for several months. Part of it has already been translated and is in the hands of the printer. Statistical data is nearing completion.

The Nation's Business

(Continued from page 1)

in a false position as far as the rest of Canada is concerned.

• • •

IT IS hard to believe that Premier Duplessis is going to his electors merely to test the constitutional issue. Under a state of emergency such as now exists, there is no challenge to provincial autonomy. Not even provincialist Premier Hepburn has raised the question. On the contrary, Ontario has been pressing Ottawa to exercise more authority in order to successfully prosecute war effort. In this way and in no other can a war be properly fought.

One possible explanation is that Premier Duplessis sees the handwriting on the wall as far as his government (which still has two years to run) is concerned.

Despite aggressive, dynamic administration, the Duplessis government has been a free-spending one. Sooner or later the unpopular course of curtailing provincial spending must take place. It would be easier to do this with a five-year mandate than it would to do this a year or two before an election. The rallying cry of provincial autonomy would seem at first glance a way to avoid a showdown on the question of finances. Actually there is nothing in Ottawa's financial moves that has challenged Quebec's rights in any way.

• • •

BUT THE course Premier Duplessis has chosen is fraught with grave danger.

It is dangerous because it may subject Quebec to improper and unjustified interpretations of its real feelings and intent with respect to war participation. Other provinces and peoples may not show patience and sympathy toward a member of the family who takes time off in a war to debate autonomy. Furthermore, it will be difficult if not impossible to keep this election campaign strictly along constitutional lines.

Premier Duplessis has made many important contributions in his short period of provincial leadership. But in calling an election at this time and on this issue he is doing his province and his people a disservice.

He has called an election to cover up his financial embarrassments. He has sought to make the issue one of Dominion-provincial relations. But he cannot control the debate which is bound to range over a wide and heavily mined area of discussion of French Canada and its share in the war effort.

The situation the Premier has created is most disturbing to large numbers of his loyal compatriots.

• • •

Iniquities Persist In Ontario's New Law

COL. GEORGE A. DREW, Leader of the Opposition in Ontario, made a brave attempt last week to force debate and amendments to the new provincial Succession Duty Act. The new measure is better than its iniquitous predecessors, but it permits and extends inquisitorial authority to treasury officials which is as objectionable as it is unnecessary and undemocratic.

Some of the most vicious of the new investigatory powers the provincial treasurer sought to obtain were changed in the debate through the House. Others still remain, notably clause 27, which eliminates protection of the courts to any person whom the treasurer or his hirelings want to investigate. Almost any sort of inquisitorial high degree that an appointee of the treasury department wishes to inflict on anyone even remotely connected with an estate is permissible and legal.

• • •

THE jumbled workings of provincial draftsmanship which accompanied introduction of this legislation were inexcusable and misleading. The initial bill was printed a few days before the Legislature met. Within a few days three complete revisions were made despite the fact that the Government had had two months to prepare the bill which was supposedly the chief item of business before the House.

Even allowing for the intervention of war, there is no excuse for the haste, the confusion and multiplicity of changes which were as bewildering to government members as they were to newspapers and opposition benches.

Just a few hours before The Financial Post went to press last week we were informed that a drastic revision of the investigatory powers of the new Act as presented to the House had been made. Yet copies of the new Act distributed by the Government to the press failed to disclose any such changes. It is clear that not even the Government itself had any clear conception or was able to reach any prior agreement as to the extent of the arbitrary and unjustifiable powers it wished to invoke under the Act.

• • •

Persecution Substituted For Prosecution

TYPICAL of the outrageous manner in which the Government has carried out its legalized estate "blackmail" under guise of a "fraud and evasion" programme is the statement tabled in the House concerning 30 estates in which the Government claims fraud was proved.

Mr. Hepburn's statement that these cases were picked at random from the treasurer's files is, of course, simply eyewash. The certainty is that they were picked with cold, cruel deliberation as being cases which would incite the utmost public sympathy for Mr. Hepburn and create the worst possible impression of the business ethics and honesty of leading Ontario families.

The Financial Post does not condone for a moment illegal or dishonest practices in respect of succession duty payments. Wherever fraud and dishonesty exist, court action and criminal proceedings should follow. Great wealth or prominent position only aggravates the offense.

• • •

BUT the individuals about whom Mr. Hepburn's treasury officials were allowed to make flippant, scurrilous, and in some cases almost libellous remarks have never been haled before the courts as criminals.

Some of them, if one can judge by last week's grossly biased reports, were deserving of criminal prosecution. And if there was fraud, grounds for prosecution exist.

None, however, has been subjected to judicial proceedings, merely to Star Chamber persecution carried out by a heavily loaded, legalized "big stick."

The mere fact that the Government brands these cases as fraud and evasion means nothing at all. No single case has been brought before a court of the land and proved criminal in the customary, time-honored manner.

It is high time Mr. Hepburn and his treasury officials abandoned persecution of the type so blatant in last week's statements of alleged Succession Duty fraud. It is time also that Mr. Hepburn respected in this field the rights and liberties he is so eager to fight for in the larger sphere of democratic affairs.

• • •

Another Axis Cracking Up

AN AXIS, according to one dictionary definition, is an imaginary line upon which something may or may not revolve.

More than one axis has been proved by the war to be somewhat imaginary. Nothing much revolves these days on the Rome-Berlin axis, or on that larger Nazi-Fascist-Franco-Japan axis.

The brand new Berlin-Moscow axis seems to be about as effective as a piece of wire would be for the back wheels of an automobile. It will probably be the next casualty.

And now the Hepburn-Duplessis axis would seem to be headed for the junk pile.

• • •

ONTARIO'S Premier is 100% out for national co-operation in the war effort. Quebec's Premier has not hesitated to call an election to defy Ottawa's right to organize the nation for war.

As a matter of fact, nothing much ever revolved on the Hepburn-Duplessis axis except the newsprint industry, which was impaled on it as on a spit and which was being scorched, as are most things that revolve on a spit.

Some people have expressed fears—or hopes—that the control of all government in this country might some day revolve on the Quebec-Ontario axis. But with Mr. Hepburn co-operating with Ottawa in the war effort and Mr. Duplessis seeking to hamper it, their axis seems doomed to the fate that comes to all axes when the wheels at the end begin to turn in opposite directions.

• • •

Reconditioning Would-be Recruits

IT WILL be shocking to most Canadians to learn that one man out of three wanting to serve his country on the field of battle is being rejected.

One important constructive line of approach suggests itself.

Instead of turning army rejects back to their homes, why not sign them up on a temporary basis and put them in reconditioning camps until such time as they are fit to serve in the regular forces?

Already across the country the Government has organized a training camp nucleus in its National Forestry Programme. Some four thousand youths are now getting excellent physical, technical and mental reconditioning in special camps organized much along lines of the C.C.C. camps in the United States.

Why not turn these over to the militia or else turn would-be recruits over to the N.F.P?

• • •

AT THE moment Canada has more young men in first class physical condition than can be accommodated or equipped. In six months time this situation may have changed.

If nothing is done meanwhile to recondition those now applying and who are rejected, either there may be a shortage of manpower later on, or else it will be necessary to lower military standards of fitness, thus storing up all manner of social and financial problems of the type that have plagued us since the last war.

How quickly can Canada's streamlined wartime Government move to find a solution to this very serious problem?

Patronage Must be Killed

(Continued from page 1)

of Carleton and Province of Ontario in partnership under the name of "The Interprovincial Equipment Company."

2. That the said partnership has subsisted since the first day of January, 1938.

3. That we are and have been since the said day the only members of the said partnership.

Witness our hand at the said City of Ottawa this seventh day of January, 1938.

Witness (Signed) Alfred D. Stewart
W. M. Stewart
Frances L. O'Malley. H. A. Plant.

The records of the Companies Branch at Ottawa reveal that Alfred D. Stewart, W. M. Stewart and H. A. Plant are the directors of Stewart, Stewart and Plant, Ltd., a private company incorporated under Dominion charter, Oct. 26, 1931, with power "to carry on business of insurance brokers and to act as insurance agents" and "to carry on business of real estate and financial brokers and agents in all its branches."

The office of Stewart, Stewart and Plant, Ltd., is 400 Jackson Building, 122 Bank Street, Ottawa; the firm's telephone number, 3-1177.

The Ottawa City directory for 1939 lists Interprovincial Equipment Company as follows:

Interprovincial Equipment Company,
A. D. Stewart, president
W. M. Stewart, vice-president
H. A. Plant, secretary-treasurer
Locksmiths, 400 122 Bank Street, 3-1177.

The address given is that of Stewart, Stewart and Plant, Ltd.

The Interprovincial Equipment Company is not listed in the Ottawa telephone book for July, 1939, but on August 23, the Ottawa "Information" operator gave the 'phone number of the firm as 3-1177, which, as already indicated, is the 'phone number of Stewart, Stewart and Plant, Ltd.

Alfred D. Stewart, cited above as president of Interprovincial Equipment Company, has been an active political party worker in Ottawa for some years. For a period prior to 1938 he was the president of a West Ottawa political association.

Herbert A. Plant is also known in Ottawa as an active party worker.

This is the group who received a munitions contract.

• • •

No doubt attempts will be made to justify the contract on the ground that it was awarded to the lowest tenderer. The Post leaves it to the judgment of the business community of Canada to say whether the placing of a war-material contract with a firm of insurance brokers who have no plant, at a price one cent below the bid of a recognized, well-equipped manufacturer, can be justified in sound business practice.

It would be interesting to know whether it was mere chance that the lowest tender was exactly one cent lower than that of the next tenderer.

The point may occur to some readers that the transaction outlined above took place in the Defense Department before there was a change in the minister and before the appointment of the War Supply Board.

That is true. But these points must be remembered:

There is no War Supply Board to handle government contracts in departments other than defense.

No apparent steps have been taken to eliminate patronage and similarly unbusinesslike practices in other departments, although all play a rôle in the war effort.

This very firm, Interprovincial Equipment Company, has obtained contracts from the Post Office Department.

The minister under whose régime a group of insurance brokers without a plant got a contract for vital war supplies still sits in the Cabinet, in charge of a department that disburses $57 millions a year.

• • •

In the Defense Department, the new minister, Hon. Norman Rogers has the duty before him to destroy, root by root and branch by branch, patronage and favoritism. Every other department has an equal responsibility. Patronage and politics have been prevalent in greater or lesser degree in many other departments, and not only under the present government. It is just as important to get rid of patronage and inefficiency in every other branch of government as in the Defense Department.

Mr. King ought to issue orders at once that everything that suggests patronage and politics be eliminated from the conduct of government in Canada for the duration of the war. Only in that way can he make his Government worthy of the sacrifices that the people are making, and worthy of the unselfish support he is receiving from men and women of other parties.

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Adjust Marts Of Exchange

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as the board rules. He would not necessarily have to sell the exchange to the Board although this would probably be required. Services of any nature are regarded as export or import just the same as would machinery or stocks. It is not likely that permission would be granted to invest proceeds of services in the U. S.

Finally the $500 a month might be the proceeds or return on an investment or part ownership in the business concerned. In this case it would have to be declared as part of the holdings of foreign securities but, being the proceeds of an investment made prior to Sept. 16, 1939, it is likely that investment in the United States would be allowed, although only in negotiable securities.

As might be expected the two major Canadian stock exchanges have been active in clarifying and changing rules to permit as free transactions of business as possible. An example is the ruling of the Montreal Stock Exchange and Montreal Curb Market that dividends payable in foreign funds and collected for the client by his broker, in future will be payable to the client in Canadian funds at the same rate of exchange as that outlined 'by the broker. This ruling will be effective until further notice and rescinds the the provisions in the by-laws of the two markets which state that such dividends are payable in the currency of the country where the company's dividend cheques are payable.

The Toronto Stock Exchange has also been active in giving out information for the aid of its members and their clients. Some of the questions and answers brought out in the past few days include the following:

Q. Can a broker sell a Canadian security for a non-resident of Canada?

A. Before a broker or a dealer executes an order for the non-resident who desires to sell Canadian securities, he should apply for and secure a permit stating the estimated amount involved and giving details. When the securities have been sold, the broker or dealer will have to apply on form G to make payment in Canadian funds to the non-resident for any excess above the amount originally applied for. The present intention is to make the selling permit good for one week, so that the broker or dealer does not have to sell immediately. This arrangement has no reference to foreign exchange for which an additional permit would be required.

Q. Can a Canadian broker buy securities for a non-resident?

A. Yes; no permit is required. If payment is made in foreign funds they must be offered for sale to the board. Using form C. If the securities are to be shipped out of Canada, a license to export must be obtained, using form K.

Q. Can a resident who has foreign securities in New York sell the securities and re-invest the proceeds in other countries?

A. Yes, provided that he re-invests in other foreign countries, in which case no permit is required. A switch from foreign securities into Canadian securities, however, requires a permit.

Q. Must a broker sell the American stock before buying the American stock of equivalent value?

A. The stock must be sold before the other stock is bought.

Q. If a New York broker instructs a Canadian broker to sell Canadian securities at the market and divulges that his client is a Canadian bank in Canada, can the Canadian broker execute the orders and make settlement in Canadian funds?

A. Yes, if the New York broker indicates on his contract note that the sale is for a chartered bank in Canada. If it was for an agency of a Canadian chartered bank in foreign country, a permit would be required.

These indicate the kind of problems that are being ironed out. Brokers and banks are steadily becoming more conversant with the regulations and more able to advise their clients. Many points, however, should still be taken directly to the board itself.

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ESTABLISHED 1817

"YOUR BANK AND HOW YOU MAY USE IT"—Ask for booklet

Oil Royalties Sale Accepted

Ontario Securities Commission Demands New Standard Certificate

Important new sources of wealth for the development of Canada's newest big industry, crude oil producing, may shortly be tapped.

Permission to sell oil royalties in the Province of Ontario will be granted on the basis of a general agreement reached after months of co-operative study between representatives of oil producers, brokers and the Ontario Securities Commission.

The Ontario Securities Commission has so far refused to permit oil royalties sale in Ontario on the charge that these were open to many abuses especially where the public was unfamiliar with this type of investment.

Long negotiations came to a head this week when W. A. Brant registrar of the Ontario Securities Commission, agreed in principle with the proposals put before him in Calgary by representatives of the oil producing and brokerage interests.

Model for Future

The following is an example likely to be accepted as a model for all future oil royalties acceptable for sale in Ontario:

By the trust deed, a specified amount of gross production from the well such as 10% goes to the Alberta government or other absolute owner of the oil lease.

Another 5% gross royalty goes to the holder of the lease, usually the company promoter.

Oil men feel that 15% for these two interests is the wise maximum allowable.

The next 67% or 67 units is offered to the public in the form of net preferred royalties.

The remainder, 18 units, is the promoter's.

The 67 units offered to the public may, for example, be sold to net the company treasury $3,000 each. That means, the promoters consider 67 x 3,000 or $201,000 is required to drill the well, put it into production and pay other necessary expenses.

Get Capital Back First

These 67 units in the public hands are termed a net preferred royalty. This means that after deduction of the original 15% gross return from production to the government or other owners, the total return after certain specified charges are deducted must go to the public. Not until their original capital has been returned completely does the remainder or 18% in the hands of the promoter share in the proceeds whatever.

Important feature of the form to be approved by the Ontario Securities Commission is the requirement that on the face of the certificate must appear "the amount of unsatisfied and outstanding preference at date of this certificate is $...... per unit." This amount, which, of course, changes monthly, is to be brought up to date at least every time the certificate changes hands. In this way, the purchaser can know if the royalty actually has the value as represented to him.

Demand Complete Statement

The standard form will also require a complete statement of all charges that may be deducted from oil revenue before royalty holders are entitled to returns.

It is argued that, while such information is available in trust deeds, the unfamiliarity of the Canadian public with the royalty form of participation makes it essential that information should be made much more readily available.

In fact, so essential is it, in the opinion of the collaborators on the new form that purchasers give the utmost care to reading everything on the royalty certificate that one favored passing a law to that effect "if I thought it would do any good."

Protects Wells

Included in the permissible prior deductions is the maximum amount to be allowed the management of the company for salaries and administration. Correcting a weakness of some earlier trust agreements, the new form would also give the management, under strict limits, permission to retain special sums for unexpected necessities to protect the investment.

Modify Plans For Air Arm

(Continued from page 1)

mechanics to the Royal Air Force.

An official statement said on the latter point:

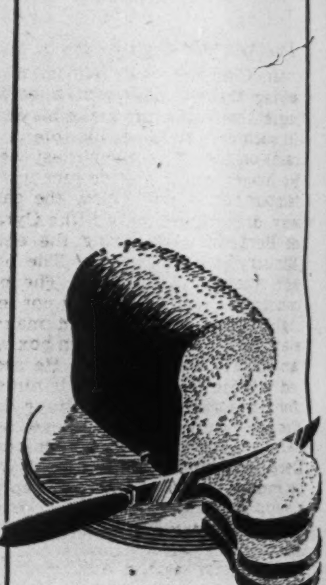
"In regard to the air force, the Government is making an immediate contribution of trained air personnel, which will necessarily be limited due to the needs of our own training. The Government has today (September 19) authorized a plan of intensified air training in Canada, so that there may be available a progressively increasing number of pilots and airmen for active service."

Recruiting Suspended

It was because so much emphasis was put upon the supply of airmen to Britain that there was general surprise this week when Ottawa announced that main recruiting centres of the Royal Canadian Air Force, such as Montreal, Ottawa and Toronto, have been so swamped with applications that a temporary halt to recruiting in these cities has been called.

It was suggested in some circles that Ottawa has decided that the financial burden of recruiting, training and maintaining the two army divisions is so great that the original plan of training large numbers of airmen for Britain has had to be abandoned for the time being.

This interpretation is not official and indeed seems not to be correct. Canada will continue to train and dispatch pilots although the scheme may not reach the proportions some have forecast. In any event, it seems clear that the needs of the defense department for planes will ultimately tax the capacity of aircraft companies competent to turn out the types needed.



Before the Loaf of Bread is made wheat must be grown, shipped to market, milled into flour . . . . the flour shipped to the baker who, in turn, has a manufacturing job to do before the loaf is ready for sale.

Each step is a complicated process involving labour, machines, money.

Money is provided by your bank for just such legitimate needs of industry.

The Royal Bank welcomes inquiries for loans for such essential purposes.

The Royal Bank of Canada

London Calling — By Atticus

War Levels Parliamentary Differences and Sharply Alters Values—Two Great Soldiers Head British Forces

LONDON.—War is a swift and ruthless alterer of values. For example, my young friend Loel Guinness has not attempted very often to sway the Executive with his oratory in the House. He is a real back-bencher, sitting in the farthest back bench behind the Liberals. But when he turned up in Air Force uniform last week his vitality and his gay courage marked him as a leader of men. All around us there were younger men paying perhaps their last visit for many a day to the Parliament of endless crisis.

Major Gwilym Lloyd George was in uniform as well. Since then, though, he has joined the Government. That is a move which pleases us all. For one thing Gwilym is not only a man of parts but surely he can be regarded as something of a peace offering from "L.G.," as Father of the House, to Mr. Chamberlain as head of the Government. One does not need to be clairvoyant to know that relations between Mr. Lloyd George and Mr. Chamberlain have not been cordial for some time. That discordance has existed between Ll. G. and almost all the Government supporters. Yet on Sunday morning when Mr. Lloyd George rose to speak there was an instant recognition of his place in our history as the spirit of victory. He was cheered from all quarters of the House and spoke with dignity, with brevity and a wise unpreparedness.

* * *

Most Popular M.P.

Gwilym Lloyd George is notoriously our most popular M.P. I like him immensely but have never quite discovered why. He can denounce like Judge Jeffreys. He can retail an anecdote which leaves its victim in shreds, and he stoutly refuses to reverence those in high places. Yet the House loves him for his size (he is built like a heavyweight boxer), for the fact that he served in the line in the last war as an artillery officer and never as the son of the Prime Minister, for his loyalty to his father even at the old man's most mischievous moments, and for his friendliness and gusto.

* * *

The New Mr. Churchill

Mr. Churchill will not mind my saying that it was with a certain regret that I saw him make his debut (if such a word is permissible in his case) on the Front Bench last week. No longer would we see him in that famous corner seat below the gangway, drawing his sword like Cyrano de Bergerac and urging the entire Ministry to be on guard. The brigand chief was in chains. The buccaneer was in irons. It did not seem right to see him rise and make a statement from the dispatch box with an almost deferential air. He seemed to sense the oddity of it himself, for his words, no longer flung upon the air with a fine defiance, were halting. He spoke of September as December, and said "fourteen" when he meant "1400." Once, in reply to a supplementary question, he had to have the assistance of Geoffrey Shakespear, who is now serving his third master at the Admiralty. But then it was his first day on the bridge.

It is safe to say that there is not one of us who does not rejoice that Mr. Churchill is in charge of the Fleet, and in the War Cabinet. We are going to need his audacity and vivid imagination in the great struggle ahead.

* * *

The Labor Side

Everyone has praised Mr. Greenwood, and rightly so. A year ago I thought that he was a man with no future. Emphasis had replaced argument, while continuity was in a considerable stage of black-out. Then came that element of fortune which makes and breaks careers. Mr. Attlee's illness brought Mr. Greenwood to the acting leadership of the Opposition. The pace of events accelerated ominously. A new Greenwood arose before us, a figure of dignity, coherency and strength. The realist may say that it is easy for an Opposition Leader to be strong when he can approve the Government's policy while assuming no responsibility for the Government's decisions. That is no doubt true. Yet it cannot detract from the regard which the House and the nation feel for the man who did not fumble his opportunity when it came.

* * *

Our New Masters

The Ministry of Information has come under more fire than London since the war began. In matters of propaganda—and there is no use running away from the word now—the Government seems always undecided between choosing those who are fit to speak for England and those who are fitted to do so. As you will see, it is a nice distinction. No one doubts that Lord Macmillan is a man of fine character and vast achievements. It seems to me that we must not only have announcers, but spokesmen, for the outside world; above all, we should have begun already the battle for the world's screens. We need genius at the Ministry of Information, not merely ability.

But let us turn to the men of arms.

* * *

Fighters All

General Sir Edmund Ironside and Viscount Gort are two of the most vigorous personalities that ever led a British Army into war. When I last saw Lord Gort at the War Office in June I did not believe that he would remain very long as C.I.G.S. once the guns began to talk. He has become a great strategist and a master of tactics, but he must be in the show himself, for war is supremely his setting. His face is calm, as befits the Dutch strain in his ancestry; his mouth is large, but his eyes are the eyes of a poet or an adventurer. They are light blue, the color of the little mountain streams in the Tyrol. His feats in the last war were prodigious, although he stoutly claims that he never did anything more than carry out orders to their logical conclusion. Wherever or whenever the British Army strikes the men will know that they have as their commander a man who knows the whole business of attack besides being the very spirit of it.

GEN. IRONSIDE

"Tiny" Ironside is designated by a nickname which is misleading. The newly appointed C.I.G.S. stands six feet three or four. When he gets angry he stretches up another inch or two. His experiences during the last few years have been varied in extreme. I dined with him one night when he described his difficulties in mounting all those who were to ride (if I remember correctly) in the funeral procession of King George V. The next time we met he was engrossed in the first faltering attempts at air raid defense. His headquarters were at the Horse Guards, but his mind was looking far ahead.

Then it seemed as if his star was fading and that another good man was on his way to the twilight of the generals. He was sent to command Gibraltar. Now we see the importance of that move. The future Chief of the Imperial General Staff was playing a bigger game than maintaining discipline on The Rock.

Grand soldiers, Gort and Ironside.

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Repatriation Involves $3 Billions

(Continued from page 1)

(the latest year of record) was $2,684.8 millions.

This total breaks down into the following major items:

	$
Dom., Prov. & mun. bds. ..	514,200,000
National railways securities	513,100,000
Canadian Pacific Rlwy. secs.	596,600,000
Wood and paper companies	97,000,000
Metal industries	72,000,000
Mining industry	90,000,000
Manufacturing industries ...	201,000,000
Merchandising and service companies	73,000,000
Insurance companies	85,000,000
Finance & mtge. companies	150,800,000

The balance is in miscellaneous investments.

Ottawa has not yet worked out any scheme for aiding the U. K. to place these securities in Canada. But it would undoubtedly act as chief intermediary in their sale.

The acquisition of the first two items would entail no embarrassment to the Dominion Government, although it would be a new departure for Ottawa to be a buyer of municipal securities. The Dominion already holds masses of provincial securities, acquired largely during the depression. Most of the National Railways securities are government guaranteed and are, in reality, part of the public debt.

Next come the Canadian Pacific securities and with their purchase goes the control of the company. There are $287.8 millions of the bonds; $133.3 millions of preference stock; and $175.5 millions of common stock. This is more than 50% of the common stock, almost all of the preference stock and more than half of the bonded debt. The Bureau of Statistics' volume makes this clear and apparently relies not only upon its own returns but upon the annual report of the C.P.R. for 1937. The company's 1938 report shows 53,06% of the ordinary and 94.97% of the preferred in British hands.

If the Government were to take over these C.P.R. securities and hold them, the State would have acquired control of the property. It may be doubted, however, if the implications of the policy in this connection have been considered by anyone in authority at Ottawa.

The other items are self-explanatory.

It is apparent that Ottawa can take over more than $1,000 millions of British investments in Canada without encountering difficulties. Only when the other billion and a half have to be turned into cash does the question of technique become important.

During the World War the British Government mobilized and cashed in on the investment of British subjects in the United States to an amount approximating $5,000 millions. The technique, however, was simple. The securities were sold on the U.S. markets and no assistance from Washington was required. But it is generally believed that the Canadian market could not begin to absorb two and a half billions of securities. Thus any sale of the securities would have to be undertaken by U. K. and Canadian Governments only as the Canadian people have the surplus investment funds, created by the war effort, to absorb them.

Speculating on the mechanics of repatriation of British holdings of Canadian securities shows that more than one method might be used. As it is believed that no complete plan has yet been worked out, a consideration of some possible methods is of interest.

For example, it is possible that the British Government might not actually buy these stocks and bonds from holders in Great Britain. Registration is already complete or nearly so for all these investments. The British Government knows where they are held and exactly how much. Now it might be possible for British treasury authorities to borrow these securities from their holders, giving in return some form of receipt and turning over to the original owners the dividends and interest received. Then it might be possible to use these holdings as collateral to borrow funds wherever available, possibly in Canada.

This plan is, however, the least likely to be adopted.

On the other hand the British authorities might actually buy these securities, paying their original owners an agreed rate which would likely bear a close relationship to actual market values. Then the stocks and bonds, or other assets, might be sold in Canada itself, perhaps to the Dominion Government or directly to Canadian investors to the extent that an orderly market could be maintained.

Orderly Liquidation

It is thought that authorities both in Britain and Canada will make every effort to use an orderly liquidation, if and when liquidation becomes desirable. The means for such control are already in existence and operation through the foreign exchange control measures enforced by both countries. Great Britain, for example, would not likely place any obstacles in the way of British investors selling Canadian stocks or bonds in either the United States or Canada. Any foreign exchange so obtained would have to be turned over to government agencies. But Canada, at least, would require a permit for a Canadian to purchase these securities and that might not be so readily granted if the move reached such proportions as to threaten the Canadian exchange rate.

It is believed likely that Ottawa will be more lenient in granting permits to Canadian investors to buy back our own securities in London than in buying back similar securities held in the U.S.A.

This story has already suggested that any Canadian securities so acquired by the Canadian Government, or an agency acting on its behalf such as the Bank of Canada, might be held in a kind of mammoth investment trust and administered without interfering with the companies involved. This might be possible, but what would happen when the time came to wind up this trust? The Government would be "in business" to an unprecedented scale. Its actual stake in Canadian industry would amount to virtual control of many key industries.

But suppose that the plan of distributing the holdings among Canadian investors was adopted. In the first place this would make a new demand on Canadian savings which might already be asked to take up domestic borrowings on an accelerated scale. To maintain a sound financial position in this country these savings would have to be replaced. This replacement could come from two sources. In the first place, new wealth would be continually created in Canada as a result of the expenditures in this country of the funds thus mobilized from Britain. While plans seem to be working toward heavier taxes and some limitation of profits, there would still be a balance available for investment.

In fact it is expected that the new wealth created in Canada by the war effort will provide a large part of the means of buying back our securities held in England.

Another possible source of replacement of the aggregate savings of the Canadian people would be mobilization of Canadian holdings of foreign securities through the machinery already set up by the Foreign Exchange Control Board.

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Provinces May Curtail Non-Essential Outlays

Borrowings Likely to be Reduced Because of the War

Curtailment of provincial expenditures and borrowing is likely to be one result of the war.

This is already indicated by the action of the Ontario Government in suspending new road construction. Others may follow suit.

Revenues of the provinces, because of increases in taxes and improving business conditions, have recorded sharp increases in recent years. In most instances provincial receipts are at a peak level. However, the improvement in revenues has been accompanied by increases in expenditures and most of the provinces enter the war period with unbalanced budgets.

Curtail Borrowing

Unbalanced budgets and large capital expenditures on roads have resulted in substantial borrowings by the five eastern provinces in recent years. During the war period borrowings by these provinces are likely to be curtailed somewhat.

No restriction has been placed on borrowings of the provinces, but they are certain to find it more difficult to secure funds. In addition, public opinion is likely to oppose large outlays by the provinces.

In view of the large loan requirements of the Dominion Government the response to provincial loans is certain to be less favorable than in the past. Dominion loans will have first call on the funds of both institutional and individual investors.

There are several reasons for this. Patriotism will play a part since Canada is at war. Even more important is the greater security offered by Dominion obligations. The Dominion Government has much wider taxation powers than the provinces. One of the complaints made by the provinces in recent years has been the narrowness of their tax powers. They have also complained against inroads made by the Dominion in the field of direct taxation. As the recent budget indicates, further inroads are likely as a result of the war.

Quebec is Affected

Quebec is perhaps more severely affected than other provinces. Its budget is farther out of balance than that of any other province. Furthermore, it has been making large outlays on capital account, more especially on roads, and planned additional large expenditures. At the present time it has enormous commitments.

Quebec's most recent loan operation was undertaken in the United States market and it had planned to float additional loans there. Now, however, that market is closed to borrowings by Canadian governmental bodies. This presents the province with no alternative but to curtail, for the Canadian bond market will not absorb large Quebec loans.

New Brunswick and British Columbia also floated loans in the New York market earlier this year. They also will have to turn to the domestic market for any funds they may require.

Western Provinces

The situation of the four western provinces differs from that of the five eastern ones. Manitoba, Saskatchewan and British Columbia have been receiving special aid from the Dominion Government in the form of loans to finance the provincial share of relief costs. A decline in unemployment should result in some easement of this situation, but special aid may still be required.

Revenues of the three prairie provinces should reflect the larger crop being reaped in western Canada. If the price of wheat advances farther, Manitoba and Alberta may be able to stand on their own feet. Saskatchewan, however, will continue to be a weak sister, especially in view of the huge burden of debt which piled up during the depression and drought years.

While non-essential expenditures are likely to be reduced, there will be some increases. For instance, the cost of police administration may rise due to additions made to police forces for the purpose of guarding property.

Debt charges will increase. All of the provinces, with the exception of Prince Edward Island, have loans payable in New York funds. This will involve exchange costs and some provinces can ill afford additional burdens. Furthermore, the provinces may have to pay a somewhat higher rate of interest on new and refunding loans.

As already indicated, some increase in revenues of the provinces can be expected as business activity increases as a result of war orders.

However, liquor profits of most of the provinces are likely to be affected by the increased customs and excise duties on liquors. The provincial governments derive a substantial amount of revenue from this source, the total last year being around $27 millions. As a result of the increased duties the provincial liquor commissions have been forced to boost their prices sharply and this is likely to result in lower sales.

Income tax revenues of the Ontario Government will be adversely affected by the increase in the Dominion income tax. Ontario permits deduction of the Dominion tax in determining the taxable income. In the year ended March 31 last Ontario collected $6.8 millions in income taxes.

War Calendar

In organizing Canada's war effort, the Dominion Government took the following steps:

Proclaimed:
- Sept. 10 State of War.
- Sept. 11 Control of aliens.

Passed orders in council:
- Sept. 3 Giving powers to Wartime Prices and Trade Board. Members: Hector B. McKinnon, chm.; David Sim, Fred Alexander McGregor; all of the civil service.
- Sept. 5 Regulating trade with enemy.
- Sept. 15 Regulating foreign exchange.
- Sept. 18 Prohibiting export of wool, wool products, etc.
- Sept. 20 Requiring export permits for principal base metals.

Appointed:
- Sept. 4 Walter S. Thompson, chief censor.
- Sept. 23 David C. Dick, wool administrator.

The Defense Purchasing Board called tenders for:
- Sept. 7 R.C.A.F. Garage, Rockcliffe, Ont.
- Sept. 7 Boathouse, Esquimault, B.C.
- Sept. 7 Re-roofing armory, Victoria, B.C.
- Sept. 11 Grading R.C.A.F. runways, Camp Borden, Ont.
- Sept. 11 Paving roads, R.C.A.F., Camp Borden, Ont.
- Sept. 11 Coal and coke, St. Johns, Que.
- Sept. 15 Central heating plant, R.C.A.F., Dartmouth, N.S.
- Sept. 15 Central repair depot, R.C.A.F., Trenton, Ont.
- Sept. 20 Rebuilding wharf, Halifax, N.S.
- Sept. 20 R.C.A.F. barracks, Patricia Bay, B.C.

Refugee Funds Stop Coming

Outbreak of War Stops Migration of European Industry

From Our Own Correspondent

OTTAWA.—The flow of refugees and refugee money from Europe to Canada has virtually stopped as a result of the war.

There are several reasons for this. In the first place, exchange restrictions imposed by various countries since the outbreak of war have made it increasingly difficult to transfer funds. Then, again, it is harder than ever for refugees to get out of various European countries. In addition, the disturbance caused by the war to shipping has made it difficult to book passage to this country.

A small number of refugees and some refugee money will continue to trickle to Canada. In some cases it will be a question of the owner following his funds which are already in this country. In others, arrangements had been completed before the outbreak of war.

Some funds may still come here from such countries as Switzerland, Holland and Belgium. The permits required by the regulations of the Foreign Exchange Control Board may, of course, make such inflow less rapid and voluminous than before the war.

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TORONTO ELEVATORS

A. A. Screaton, formerly assistant secretary of Toronto Elevators Ltd., has been appointed treasurer.

SOUTHERN CAN. DIRECTOR

From Our Own Correspondent

MONTREAL.—J. C. H. Dussault, K.C., has been elected a director of Southern Canada Power Co.

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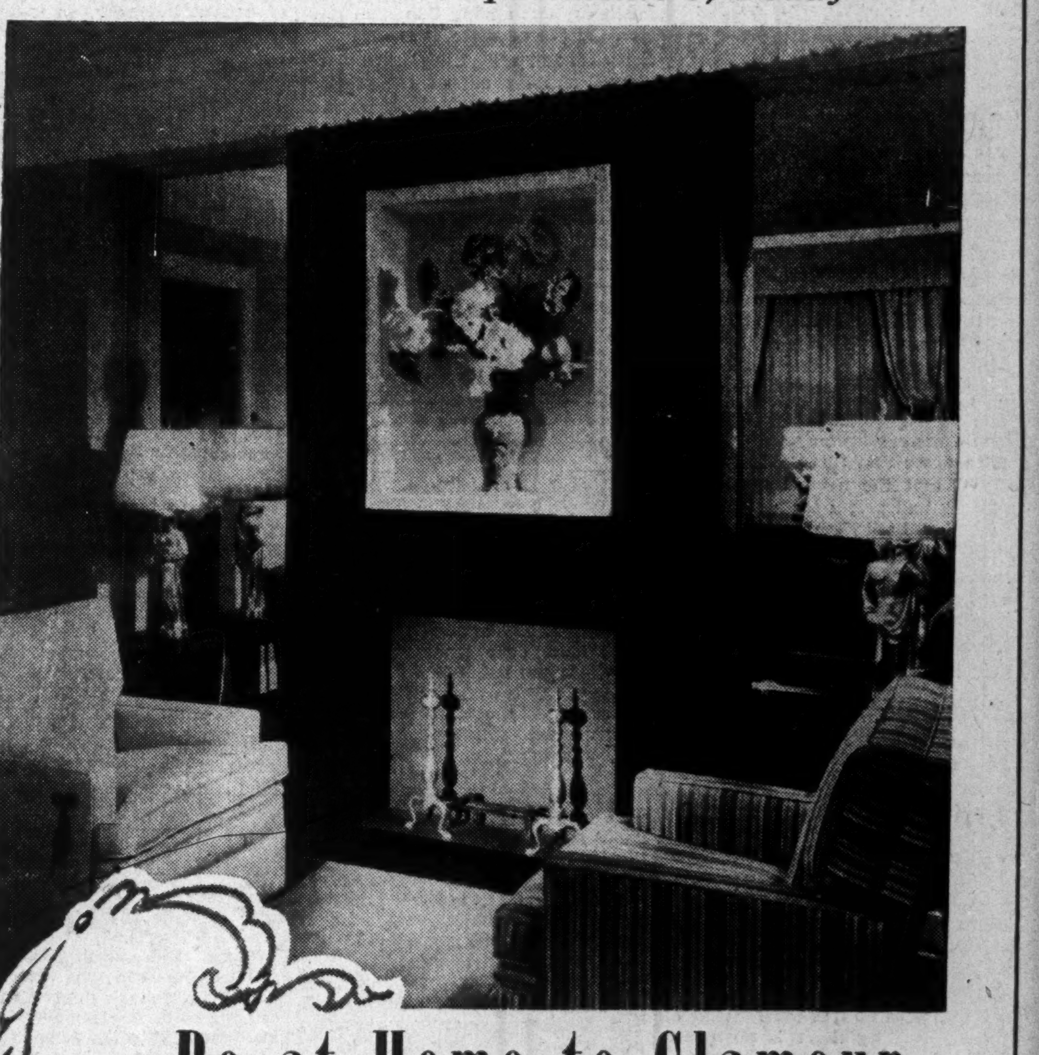

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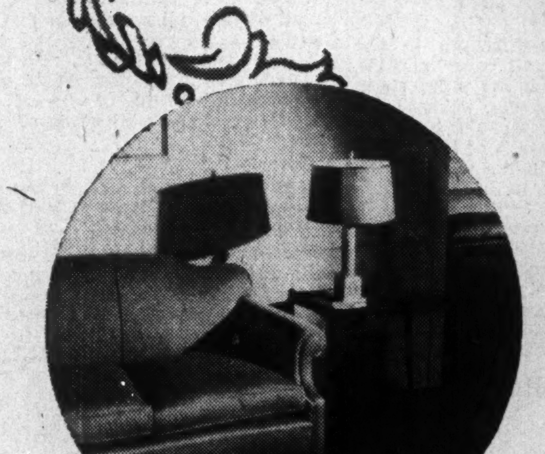

APARTMENTS OF TODAY are redecorated and refurnished for Fall. Simpson's has designed these glamourous new interiors to give you inspiration for your Fall furnishing. In a gracious 18th Century manner, the 3½-room Apartment echoes throughout the beautiful shades of the hand-painted Chinese wallpaper panel in the foyer. The 2½-room Apartment is dramatic with its "plaster white" cornice treatment, gleaming mirrors and commanding fireplace. The 1½-room Apartment is cleverly compact, subtly divided by beige and blue broadlooms.

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Investment Trends

Exchange Control Fails To Discourage Markets

Isolation of Canadian Markets Brings Out Margins of Values Between Canada and U. S.—Oil Position Changes

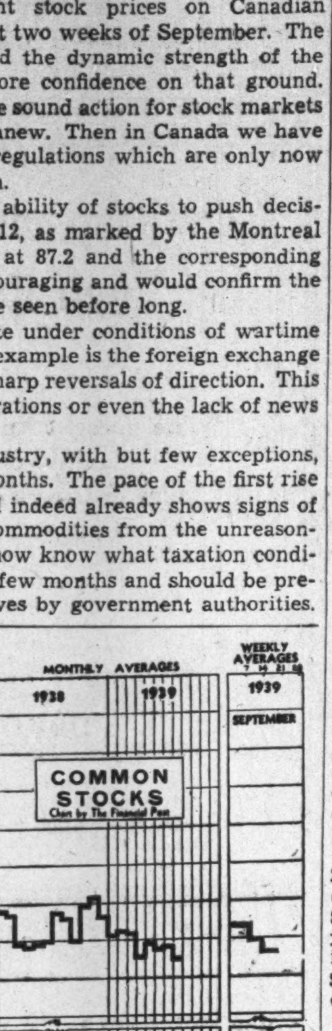
Evidence of willingness of prices to work higher is seen in the recovery this week, which brought stock prices on Canadian exchanges back to the peak levels first two weeks of September. The movements recently may have lacked the dynamic strength of the early recovery but should inspire more confidence on that ground.

After such a sharp rise, it is only the sound action for stock markets to pause and take stock of prospects anew. Then in Canada we have had imposed an entirely new set of regulations which are only now being placed in readily workable form.

From the technical point of view, ability of stocks to push decisively above the levels of September 12, as marked by the Montreal Stock Exchange's industrial average at 87.2 and the corresponding Toronto index at 119.45, would be encouraging and would confirm the likelihood that further gains would be seen before long.

Stock markets that have to operate under conditions of wartime economics, of which the most striking example is the foreign exchange control in Canada, may be subject to sharp reversals of direction. This may be caused by news from war operations or even the lack of news such as has been the case to date.

But, fundamentally, Canadian industry, with but few exceptions, should be more active before many months. The pace of the first rise in commodity prices may not last, and indeed already shows signs of levelling off, but it has taken many commodities from the unreasonably low levels of the past year. We now know what taxation conditions are going to prevail for the next few months and should be prepared for any unexpected control moves by government authorities.



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Canadian U. S. Prices

A symptom of the differing performance of Canadian and United States stock markets under prevailing conditions is the discrepancy between quotes on Canadian stocks that are listed in New York and quotes the same day in either Toronto or Montreal. All of these stocks are actively traded in the two markets but since the outbreak of war and the imposition of foreign exchange control in Canada, there have developed quite wide discrepancies in the prices. This is illustrated by the following tabulations based on Sept. 25 prices.

	U. S. Quote $	U. S. equiv. after 10% exch. Adjust. $	Can. Quote $
Inter. Nickel	38½	42.35	47⅛
Inter. Petroleum	19⅜	21.31	24⅜
Imperial Oil	12⅝	13.88	16
Can. Pacific	5	5.50	6⅛
Dist. Corp.-Seag.	14⅝	16.08	17
Dome Mines	23¾	26.12	27
Hiram Walker	32⅜	35.61	38
Aluminum Ltd.	88½	97.35	108
Brazilian	7	7.70	7¼
Dosco B	12¾	14.02	16¾
Ford of Can. A	16¼	17.87	21¾
Hollinger	9	9.90	13
Imper. Tobacco	10½	11.55	16
Wright-Harg.	6	6.60	7.30

Two explanations for this action have been offered. One school of thought holds that already the exchange control regulations are working to establish a false level for the Canadian dollar. This is reflected in these quotations. In other words, U.S. investors feel that the Canadian dollar should be at a 20% discount rather than the current 10%.

The other and more widely held idea is that the normal method of assuring that prices for a stock that is listed on both New York and Canadian exchanges, that is arbitrage transactions, is no longer effective, being prohibited under the regulations of the foreign exchange control board.

In addition to this Canada is a nation at war. Already we are faced with a taste of what new taxation we may expect.

On the other hand, the U.S. appears to many to be on the verge of a new boom in industry. It is true that so long as deficits continue the rule for the U.S. Government, there is a lively prospect for higher taxes but while that country keeps out of the war it is going to prosper in a way that Canada cannot hope to follow. This makes investments in their own country more attractive to U.S. citizens. With no free interchange of security trading there is no means of levelling out the discrepancies.

* * *

Oil Companies Face Changes

What is ahead for the Canadian petroleum refining and distributing industry is becoming clearer in some respects, less so in others. Some circles are hinting that Ottawa may have some yet unannounced measures of controlling this industry.

The U.S. is the largest single source of crude petroleum used in Canadian refineries. The exchange control board has been set up to conserve Canada's resources of foreign exchange, among other things. Yet here is a commodity that has become a necessity in the lives of the great majority of Canadian citizens, coming from the U.S. and requiring U.S. dollars to pay for it.

The new board is not likely to do anything to interfere with Canada's regular commerce, however, so that its moves in this direction, if any, might take the measure of directing our search for crude oil supplies in some other direction.

But on the point of higher cost crude oil, the evidence is fairly clear. Although there has not been any appreciable change in crude oil prices in the U.S., there is a 10% discount on the Canadian dollar which adds to the cost of all imports from the U.S. including oil. Then there has been much mention of higher shipping charges on the sea and an important part of Canada's crude oil comes by way of tankers from South America and U.S. ports.

It looks as though either the already limited margin of profit on conversion of crude oil into gasoline will be reduced or the cost to the consumer will go up. The latter possibility holds a definite threat of reduced consumption.

* * *

Flour Rumors

Reports that the British Government planned to encourage the import of wheat flour from Canada in place of the more bulky and less valuable wheat itself do not find much support among Canadian millers. On the contrary it is said that British buyers of flour have been almost entirely out of the market for the past month. This is not thought to be any ground for disturbance, however, as during the 1914-18 conflict there was a similar cessation of buying for the early months. This was followed by greatly increased activity.

Rather it seems that Canadian millers are more plagued by the combined action of the Wheat Board and the reluctance of farmers to dispose of their holdings. Available supplies appear to be pretty well under the control of the board and prices which millers have to pay have risen abruptly.

Power Corp. Output Rises

Utility Group Registers Gain of 5.3% in Output for August

From Our Own Correspondent

MONTREAL.—Further increase in consumption of electrical energy in Canada is seen in the figures released on the output in August for the subsidiary and affiliated companies of Power Corporation of Canada. Last month the group produced 203,311,712 kw.h. This compares with 193,144,561 kw.h. for the same month last year, an increase of 5.3%.

Returns for the individual operators, with comparative figures for last year, follow:

(Returns in Kilowatt Hours)

August	1939	1938
S. C. Power	19,751,010	18,955,910
Canada Northern	63,511,341	58,837,118
East Kootenay	8,759,244	9,463,996
B. C. Power	47,319,188	47,467,621
Nor. B. C. Power	1,078,840	1,055,116
Wpg. Electric	62,892,100	57,364,800
Total	203,311,723	193,144,561

Canada Northern Gross Advances

Higher Costs Cut Down Net Earnings in August

From Our Own Correspondent

MONTREAL.—Reflecting an increased output, gross earnings of Canada Northern Power Corp. in August totalled $435,859, an increase of $7,826 over the same month last year. A comparatively sharp increase in operating expenses, however, reduced net earnings to $220,028 compared with $231,855 in August, 1938.

For the eight months ended Aug. 21, the company had a gross income of almost $3.5 millions, an increase of $95,110 over the like period of last year. However, operating expenses increased, leaving net earnings at $1,767,870, as against $1,816,924 at the end of August, 1938.

During the past month 433 new customers were added to the company's system. At the end of the month the company was serving 24,154, as against 21,161 at the end of August last year, an increase of 2,993.

Northern Electric Co. Announces War Policy

From Our Own Correspondent

MONTREAL.—Northern Electric Co., through Paul F. Sise, president, announces that any employee who enters militiary or naval service will be granted leave of absence, together with employment on his return. Such service would be included in connection with the payment of company service pensions, it is stated, under the company's plan. Arrangements have also been made to make payments which, together with the Canadian service pay and allowance, will equal the previous earnings of the employee.

Investment Notes

Lake St. John Power.—Either this company's debentures are too low in price or the common stock is too high in price. This week the debentures have been traded at around 53, while the common has changed hands at 23. If the common is worth 23, as some people seem to think, then the debentures are worth considerably more.

* * *

Fraser Cos.—Improvement in the pulp market is expected to bring about an upward swing in the earnings of this company. The common stock has advanced substantially, but it is interesting to note that the voting trust certificates fetch a better price than the free stock.

* * *

C.P.R.—Ordinary shares came in for a rise this week, advancing to 8. The weekly report on operating profits since the beginning of the month has shown a wide increase in income, which leads to a more cheerful view on the outlook for the company.

* * *

Dryden Paper—Strength in the kraft pulp and kraft paper markets, as well as much better prospects in the Prairie Provinces, enhance the outlook for this company. Many investors think likewise as is reflected in the advance in the value of the common stock to 10.

* * *

Montreal Tramways — The values placed by the market on the securities of this company provide food for thought. The common stock is selling at 55, but the general mortgage bonds of 1955 are selling at only 66. True the yield is larger on the common, but the security back of the bonds is appreciably greater than for the common, especially when one has in mind the current investigation into the company's contract with the city.

* * *

Brown Co.—More than a little interest in the bonds of Brown Co. This company is one of the largest producers in Canada and the United States of high-grade sulphite pulp. Earnings can come back extremely fast with a good demand and rising prices such as the industry is now experiencing.

* * *

Wings Ltd.—Mining exploration and development was retarded last year by European uncertainties, according to F. Roy Brown, president. Improvement in the company's business was noted previous to the outbreak of war, but Mr. Brown concludes that: "Undoubtedly, if the European war continues for any length of time, all air companies in Canada will be affected by loss of personnel and rising costs, as well as a reduction in business caused by the probable lessening of interest in exploration and mining development."

* * *

S. E. C.'s report of security transaction shows the following Canadian interest:

International Mining—F. M. Connell, director, holds 3,267 common shares directly and through Connell Mining and Exploration increased holdings 1,000 shares to 6,967.

Significant Investors' Index Numbers

1926 = 100

No. of. Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-38:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1939:												
Jan.	129.4	16.9	79.1	173.5	52.9	172.9	126.9	133.3	57.5	85.2	42.7	102.9
Feb.	129.4	16.4	77.6	175.9	54.3	175.3	130.4	133.6	58.2	85.3	42.9	104.1
Mar.	126.6	15.1	79.8	173.9	57.2	172.5	127.6	132.9	62.0	85.1	44.4	103.7
Apr.	111.1	11.5	71.4	162.9	53.1	169.2	116.9	119.3	58.9	83.7	41.9	96.2
May	112.5	12.0	78.9	170.2	55.0	176.3	120.4	124.6	60.8	84.7	43.2	99.2
June	114.2	12.4	77.4	153.2	56.2	179.2	124.7	128.8	60.8	85.0	43.7	97.0
July	118.0	12.7	75.0	154.0	59.8	182.1	124.8	129.5	59.2	85.0	42.7	97.3
Aug.	108.6	11.1	76.0	147.9	60.1	180.5	117.7	121.6	56.8	84.3	40.9	94.2
Weekly Figures:												
Sept. 7	125.5	15.6	92.7	161.6	64.0	179.4	107.7	135.6	53.5	81.1	41.0	102.3
Sept. 14	132.9	18.5	101.4	166.2	71.3	168.2	105.9	146.1	53.5	78.6	41.1	99.9
Sept. 21	133.0	18.9	98.9	165.3	71.4	156.6	108.2	143.7	52.1	72.2	39.7	96.3

*High and low for year from 1929 to 1938 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Sept. 26	119.73	103.43	89.91	35.84
Sept. 25	118.29	103.44	89.41	35.57
Sept. 23	117.94	103.52	89.40	33.84
Sept. 22	117.53	103.50	89.07	32.28
Sept. 21	117.24	102.66	89.27	32.46
Sept. 20	115.25	102.68	88.92	31.84
Month ago	105.59	113.26	85.66	24.33
Year ago	101.53	102.91	77.61	25.95
High, 1939	125.92	128.95	104.12	45.00
Low, 1939	97.75	100.35	79.59	21.07

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Cbd.	10 Pprs.	15 Golds
Sept. 26	58.5	88.3	78.4	143.60	90.53
Sept. 25	58.5	87.7	78.0	144.81	91.33
Sept. 23	58.1	86.6	77.1	140.62	90.39
Sept. 22	57.9	86.5	76.9	136.32	90.88
Sept. 21	57.4	84.7	75.6	128.93	90.39
Sept. 20	56.7	84.3	75.1	121.99	91.71
Month ago	62.9	67.3	65.8	59.22	104.19
Year ago	57.6	66.0	64.3	83.83	110.63
High, 1939	70.1	88.3	79.1	144.81	126.48
Low, 1939	55.9	63.2	62.7	50.78	86.66

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Rimouski, P.Q.	Sept.	Privately	4%	15-yr. ser.	$43,000	....	....
Kamloops, B.C.	Sept.	Locally	4%	1954	11,000	100	4%
Chatham, Ont.	Sept.	Privately	3½%	1-10 yr. ser.	250,000	....	....

See $1 Per Share For B.C. Packers

Earnings of British Columbia Packers Ltd. are understood to be running on approximately the same basis as in the same period a year ago. The catch of salmon, particularly the "pinks," has been somewhat smaller, but higher prices have offset the smaller volume.

Indications are apparently that the company should earn close to $1 a share on its common this year, which would compare with 97 cents a share in the 16 months ended April 30 last. Rumors of a dividend on the common have been current, but The Financial Post is told that this is unlikely.

British Orders Still Pending

Await Organization of Campbell Board—Decision on Neutrality Act

The British War Mission which has come to Canada to place orders for military supplies on this continent is established in large Ottawa offices, but so far no orders have been placed, The Financial Post is reliably informed.

The Mission wants to wait until the new board headed by Wallace R. Campbell, which is to direct Canadian war purchases, gets organized and into operation. Another reason for the delay is uncertainty with regard to United States action on the Neutrality Act and, third, lack of certainty with regard to the type of war materials required.

The British Mission is to work in co-operation with the Campbell supply board. There is to be no competition between Britain and Canada in these orders which are to be placed jointly. When the Canadian board awards a contract, the British will come in, taking a piece of it. Only where the Canadian board is not placing orders will the British Mission deal directly with Canadian producers.

For many types of war materials United States plants are much better fitted than anything available in Canada. Some orders to United States manufacturers could be filled at once, or very promptly. Giving these contracts to Canadians would, in many cases, involve months of delay while new plants were constructed and tooled. For this reason, repeal of the Neutrality Act, which is believed certain, is important in what action the purchasing boards will take.

At least one major battle on the western front may be of importance in determining type of equipment necessary. The war efficiency of certain new types of equipment will then be tested. Weapons and equipment which seem good in military theory and manoeuvres might have quite a different evaluation after a thorough test in a major fight. For this reason, it is understood, the British Mission is not hurrying with some forms of business.

Dominion Stores Sales Up 6.98% in 36 Weeks

Sales of Dominion Stores Ltd. increased for the eighth consecutive time in the four weeks period ended Sept. 9. In the period sales were up 5.02% and in the year to Sept. 9, sales showed an increase of 6.98%.

Following is a tabulation of sales to Sept. 9:

Monthly Sales
(Subject to final adjustment)

Jan. 28	1,366,469	1,404,480	*38,011	*2.71
Feb. 25	1,531,878	1,459,841	72,037	4.93
Mar. 25	1,680,272	1,472,091	208,181	14.14
Apr. 22	1,640,528	1,495,190	145,338	9.72
May 20	1,637,720	1,486,876	150,844	10.14
June 17	1,586,974	1,466,405	120,569	8.22
July 15	1,565,780	1,467,436	98,344	6.70
Aug. 12	1,423,805	1,344,634	79,171	5.89
Sept. 9	1,443,512	1,374,523	68,989	5.02
	13,876,938	12,971,476	905,462	6.89

*Decrease.

Note:—In the period ended Jan. 28, 1939, 14 fewer stores were operated than in the 1938 period; Feb. 25, 16 fewer; Mar. 25, 34 fewer; Apr. 22, 43 fewer; May 20, 40 fewer; June 17, 38 fewer; July 15, 38 fewer; Aug. 12, 42 fewer; (with 10 more meat markets); Sept. 9, 42 fewer (with 9 more meat markets).

Celtic Knitting Reports Higher Sales Volume

From Our Own Correspondent

MONTREAL.—Current sales volume of Celtic Knitting Co. is substantially ahead of a year ago. However, it is reported that higher production costs, unfavorable U. S. exchange in respect to essential raw material, and the recent demand for lower priced articles, are factors preventing a due reflection of the increase in net earnings. While volume is higher, dollar value has not been proportionate, according to the official statement.

Reflecting an increase in business, the company has let a contract to Walter G. Hunt Co. for the construction of a $20,000 addition to the Montreal plant. Plans call for four stories, 50 x 40 ft., steel and wood construction.

Foundation Co. Secures Contract on Church Spire

From Our Own Correspondent

MONTREAL.—Foundation Co. of Canada has been awarded the general contract for reconstruction of the Gothic Spire on Christ Church Cathedral in Montreal. Work will be started immediately.

Plans call for the construction of a structure, on strengthened foundations, 221 ft. in height, with steel frame into which will be bolted cast aluminum plate and with cut stone walls. Completion is expected within nine months.

CORRECTION

Francis P. Dawson, K.C., of Lesueur, Lesueur, Dawson & Nethery, barristers, Sarnia, Ont., has joined the board of the Canada Trust Co. In The Financial Post of Sept. 23 it was stated erroneously that he had joined the board of the Crown Trust Co.

Market Opinions

United States comment on stock markets continues optimistic, largely based on prospects for improved business.

Barron's, New York (The Trader)—"Only those thoroughly conversant with industry can have any grasp of the surge in new buying that took place in the first two weeks of September—buying that was largely for domestic needs and not for foreign account. A broad picture of the volume of new orders placed, covering both heavy and light goods, would show that between Aug. 26 and Sept. 9 the pace of buying actually doubled. Furthermore, aggregate business on the books of American industry is at least 75% greater than last January, when business activity reached its post-Munich high. Business on hand is probably one third greater than in the winter of 1936-37. All this can only mean, War Embargo Act repeal or not, an advance in the coming months in business activity to a level in excess of early 1937. And yet the stock market is still roughly 5½ points below its Nov., 1938, peak, and approximately 41½ points under March, 1937, highs."

* * *

Financial World, New York—"That we will have to face recurring war scares and their temporary influences on the market's price level is a foregone conclusion, but provided we ourselves are not drawn into the war they can have but a transitory effect on the value of shares whose earning power is bound to increase as business volume expands. . . . With this background to aid in formulating our judgment, it is obvious that we are still in a period where sound securities can be acquired at an attractive price level."

* * *

Barron's New York (The Dow Theorist)—"With declining volume, the Dow-Jones industrial and railroad averages have been fluctuating in a narrowing range following their upsurge during the first two weeks of this month. The industrials, after the minor reaction which ended a week ago, have remained below the Sept. 12 high, but the rails on Saturday went to a further new high. If the industrials should now also make a new high the bull market previously signalled would be merely reaffirmed. Both primary and secondary trends are regarded as up."

* * *

Magazine of Wall Street, New York—"At the top of the so-called war advance recently, the chief argument against purchase of common stock was not the high level of the market but the manner in which that level was reached. Solely on domestic business factors, it is not at all hard to justify a higher price level. We know there is no enduring recovery in a spurt of forward buying. We know that actual war orders have not yet developed in any important degree. We know it would not be surprising if fast business advance were followed in due course by business reaction. Nevertheless, we are inclined to believe worries of this kind are premature and that a seriously vulnerable market position is not likely to be established unless a substantially higher level is reached than prevails at the present time."

Trading Firms Study Control

Demand Canadian Dollars Be Paid For Canadian Goods

An anxious and somewhat puzzled band of some 200 exporters and importers gathered in Toronto this week, under the auspices of the Canadian Manufacturers' Association, to discuss the new foreign exchange control regulations.

Two specific points were left with the C.M.A. to put before the Exchange Control Board; the ruling that Canadian exporters cannot, without a permit, accept payment in Canadian dollars; and second, the demand that complete record of foreign transactions be reported to Ottawa within six days of shipment.

Alex. D. McBain, Bank of Nova Scotia, E. D. Lennie, collector of customs, port of Toronto, and J. R. K. Bristol, manager of the tariff department, C.M.A., answered a barrage of questions from representatives of firms doing business all over the world.

Many Protests

Possible prohibition of exporting goods from Canada and accepting Canadian dollars was the most disturbing feature of the regulations, it appeared. In what type of cases a permit for such business would be refused was not stated, but the possibility of refusal was enough to bring many exporters to their feet protesting.

Selling goods abroad for payment in another currency leaves firms in the serious position of not knowing what they will get for them when payment is due, owing to exchange fluctuations. "We know how many Canadian dollars we have paid out for Canadian labor and for Canadian materials," declared one speaker. "How do we know what to charge on shipments to Ceylon, India or the Straits Settlements, especially in view of the long delay. We want to know how many Canadian dollars we have to bring in to keep paying them out."

It was also pointed out that countries with exchange control or stabilization regulations refuse to pay in anything but Canadian dollars.

Impossible to Fulfill

Because of the length of time required to deliver goods and to get back payment from distant markets, many exporters protested that the six-day limit on making a full report to the Canadian Government was impossible to fulfill.

Confusion about regulations was often evident, including confusion among customs officers.

Despite the fact that further explanations, amplifications and new rulings are coming from the Exchange Control Board almost daily, however, exporters seemed to be finding the scheme generally working out fairly well.

Catelli Food Products Works on Montreal Plant

From Our Own Correspondent

MONTREAL.—Catelli Food Products Ltd. is carrying out alterations and modernization work at its Montreal plant. No particulars are available at present as to the expenditure involved.

NEW PENMAN DIRECTORS

G. Blair Gordon and H. W. Lundy have been appointed directors of Penmans Ltd., it is announced. Mr. Gordon fills the vacancy on the board caused by the death of his father, Sir Charles Gordon. Mr. Lundy is the present general manager of the company.

F. B. McCurdy Saves $41,000

Delay in Maritime Utility Deal Costly to Central States Power

From Our Own Correspondent

MONTREAL.—Securities & Exchange Commission has issued a modifying order covering transfer of the Maritime utility properties of Central State Power & Light Corp. to the Hon. F. B. McCurdy, of Halifax. The deal, which was covered in detail by The Financial Post, provided that Mr. McCurdy would turn over to Central State Power & Light cash and $1,264,000 principal amount of the Central State first mortgage bonds. Mr. McCurdy made a claim for an allowance of approximately $41,000 for alleged increased costs arising from the discount on Canadian currency in relation to United States currency due to an alleged delay on the part of Central State Power in completing the deal.

Central State Power has decided to turn over control of the properties involved, but retains the right to later recover all or any part of this allowance claimed by Mr. McCurdy.

C.P.R. Earnings May Rise

(Continued from page 1)

This means that rail earnings will be at the highest level since 1930.

While rail earnings will be larger than in 1937, profits available for dividends are likely to be lower. In that year the C.P.R. earned 30 cents a share on its common stock. However, auxiliary income is an important factor in C.P.R. earnings and revenue from this source will not be as large. It may not even be as large as in 1938 when it amounted to $12.4 millions as compared with $16.7 millions in the previous year.

Other income is derived from dividends, interest, separately operated properties, steamship operations, telegraph operations and hotels. Revenue from almost all of these sources is likely to be somewhat lower.

No Definite Estimate

It is not possible to make any definite estimate as to the extent of the improvement that can be expected in C.P.R. earnings as a result of the war. The trend during the Great War, except the upward tendency, cannot be taken as a criterion. All that can be said is that traffic should show a large increase and this will be reflected in earnings.

The C.P.R. plays a smaller part in the Canadian economy today than it did in 1914. Consolidation of the Canadian Northern and Grand Trunk have put other railways in a better position to serve the nation. Then, again, highway transport was not an important factor in 1914.

In the last war the wages of railway labor increased sharply and freight rates followed suit. A similar experience is not expected this time for wages of railway labor are already at a high level. Furthermore, steps are being taken by the Government to prevent a sharp rise in the cost of living.

"Other income" of the railway may increase rather than decline. Revenue from this source usually responds to any improvement in business activity. Certainly, there should be improvement in the earnings of Consolidated Mining and Smelting Co., which is controlled by the C.P.R.

Steamship Operations

As far as ocean steamship operations are concerned it is difficult to forecast the trend. Some of the C.P.R.'s steamships have already been commandeered by the British Admiralty. Others are likely to be requisitioned. Official information is lacking but it is understood the C.P.R. is allowed a reasonable provision for depreciation plus interest on its investment in the case of ships taken over by the Admiralty. It would appear, therefore, that reasonable earnings by the steamship division can be expected.

In view of the showing made in 1937 the C.P.R. can be expected to show good earnings on its common stock. In that year it earned 30 cents a share, but traffic in 1940 is likely to be considerably heavier than in 1937.

There will have to be a substantial increase in earnings of the company before it is affected by the excess profits tax. Taking capital employed in the business as meaning only bonds, preference stock and ordinary capital, the excess profits tax would not begin to apply until earnings reach $1.25 a share on the ordinary stock.

Depreciation of the Canadian dollar may mean some increase in the cost of exchange to meet fixed charges. However, present indications are that the increased cost of U. S. funds will be offset by the lower cost of sterling.

Made Loans to Allies

During the Great War the C.P.R. made loans and guarantees to the Allies amounting to about $100 millions. It is not in a position to do this today. It does not enjoy as good a financial position as then and its credit has been greatly impaired.

Another undertaking of the C.P.R. in the last war was the manufacture of munitions in its shops. It is likely to do this again. In fact, a survey to determine the possibilities in this regard was made some time ago. In the last war profits from munitions were not taken into income account, but were offset against contributions by the company to patriotic and relief funds and other war purposes.

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Ottawa Car Co. Changes Stock

Five-for-One Split Is Adopted — Change in Name

From Our Own Correspondent

MONTREAL.—Ottawa Car Manufacturing Co. shareholders approved two by-laws on Sept. 26. One is to split the stock five shares for one; the other, to change the company name to Ottawa Car and Aircraft Ltd.

At the end of last year the company had an authorized capital stock of 30,000 common shares, of which number 11,779 were issued and outstanding On the basis of the proposed split the company would have outstanding 58,895 shares of no par value. At the same time it would be necessary to increase the authorized number of shares, as the present authorization is not sufficient to cover the proposed split in stock.

Possible need for additional capital for buildings and equipment by reason of war requirements of the various governments is given as the reason for the change.

Last year the company earned $64,196 on the capital stock, out of which the company paid dividends totalling $47,116.

The proposed new name is more clearly indicative of the company's activities. When the company was established in 1913, its business was primarily the manufacture of street railway cars. This type of business has dwindled steadily and at present the company is engaged largely in the manufacture of brass, bronze and aluminum castings, as well as the construction of airplanes.

Imperial Tobacco Plans Three New Warehouses

From Our Own Correspondent

MONTREAL. — Imperial Tobacco Co. of Canada is calling for tenders covering the construction of three factory buildings to be built at Ville La Salle, a municipality adjacent to Montreal.

Plans call for two buildings, each one story in height, 522 x 111 ft., and one building, one story in height, 30 x 30 ft. All the buildings will have concrete foundations, wooden frames and galvanized siding.

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European Electric Corp. Votes for Dissolution

From Our Own Correspondent

MONTREAL.—European Electric Corp. has notified the Montreal Curb Market that the meeting of the board of directors of the company, held at Venice, Italy, on Aug. 31, 1939, decided upon the dissolution of the corporation subject to confirmation by a special general meeting of the shareholders. The meeting is scheduled for Oct. 25.

Economic Investment Pays 62½c a Share Dividend

Economic Investment Trust Ltd. has declared a dividend of 62½ cents a share, payable Oct. 2, 1939, to shareholders of record Sept. 21. A similar payment was made Oct. 1, 1938, while $1.12½ a share was paid on April 1 of this year.

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Bond Markets

Dominion Government 1940 Loan Needs Heavy

War Borrowings and Maturing Issues Totalling $270 Millions Next Year to Place Heavy Burden on Treasury

Loan requirements of the Dominion Government in 1940 will run into hundreds of millions of dollars.

In addition to a large amount for war purposes, the Government will have to borrow $270 millions to meet bond maturities falling due next year.

Extent of the borrowing operations of the Dominion in 1940 depends on a number of factors, including the amount of war expenditures during the first nine months of the 1940-41 fiscal year.

Actual requirements to the end of 1940 will be well in excess of $500 millions. In addition to the maturities of $270 millions next year there is a balance of about $30 millions of 1939 maturities which will have to be refinanced. Deficit for the year ending March 31, 1940, is estimated at $156 millions. Expenditures in the first nine months of 1940-41 are likely to exceed revenues by at least $100 millions, possibly much more.

Of the total, $300 millions will be for refunding purposes. To a very large extent refunding of the 1940 maturities will be a conversion proposition.

* * *

Short Term Loans

The Government is not likely to seek all of its requirements through the bond market. Next year, as at present, a certain amount will be financed by short term obligations sold to the banks.

Expectations are that no loan will be offered for public subscription until late next year. Certainly, there is no prospect of a loan in the near future. The budget speech indicated that initial borrowing would be of short-term character through the banks. In the last war the first public loan was offered in November, 1915, more than a year after war was declared.

It is possible, of course, that loan requirements will be larger than indicated above. On Parliament Hill it is suggested that Canada may extend credits to the British Government. It has already been announced that the Dominion Government will seek to repatriate a large volume of Canadian investments held in London with a view to making foreign exchange available to the British Government for the purchase of war supplies.

No information is available as to the scale of the repatriation that will be attempted. However, the Dominion Government may sell bonds in the Canadian market for the purpose of providing funds with which to purchase Canadian securities held in London.

* * *

Securities Repatriation

Whether the plan for repatriation of securities will extend to corporation issues is not known. During the Great War the British Government deposited Canadian and U. S. corporation issues, obtained from British holders, as collateral for loans in New York. Included in issues so used was Canadian Pacific Railway debenture stock. In fact, in order to aid the British Government, the C. P. R. converted 4% consolidated debenture stock purchased from British holders into collateral trust bonds payable in U. S. funds.

Repatriation of securities and credits to the British Government is subject to the limitations of the Canadian bond market. The capacity of Canada to make loans abroad, in view of its own financial requirements, has definite limits.

* * *

High Grades Rise

Prices of high-grade bonds in the past week showed moderate advances for the first time since the large-scale drop caused by commencement of the second Great War occurred. First evidences that the market was beginning to stabilize were given two weeks ago.

In the week ended Sept. 21, the Dominion Bureau of Statistics index of Dominion long-term bonds rose to 109 from 108.5 in the previous week. The daily index which stood at 108.7 on Sept. 14 advanced to 109.4 on Sept. 21, a gain of 1.5 over the five-year low of 107.9 established on Sept. 13.

There were also signs of buyers returning to the market for high-grade obligations. Yields on government and government-guaranteed obligations were apparently attractive enough to cause investors to buy.

* * *

Newsprint Bonds

Since the outbreak of war newsprint bonds have been very active. In the past week prices of these issues advanced sharply on the industry's improved statistical position. Reports continue to indicate expansion of operations and final quarter earnings are expected to improve substantially.

All this has been brought about by the outbreak of war and the conditions that it has brought.

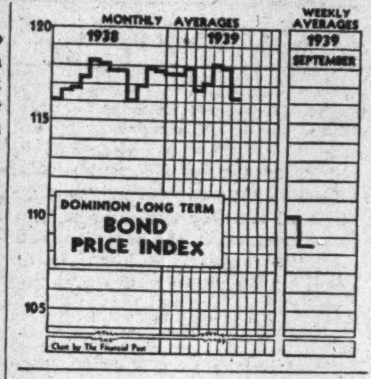
Midland Securities Corp. in a recent bulletin outlines the changes that war conditions have altered the outlook for newsprint organizations.

Since 1938, the bulletin relates, manufacturers have had to contend with slack operations and severe competition from the Scandinavian producers. The long-term outlook was for a weakening of their position on the American and other markets. With one stroke the whole picture has changed.

* * *

Expect Higher Production

South America and the U. S. can no longer receive supplies from northern Europe. There are 17 newsprint exporting countries, only seven of which are of much consequence. Of these latter, Britain and Germany will drop out because of the war. There are Canada, Newfoundland and Scandinavian countries left to meet needs of the nations not in position to supply own requirements. It is questionable whether the northern European countries can maintain shipments because of transportation disruptions.



Canada therefore stands to receive a large portion of this trade if it is found impossible for the Scandinavian countries to live up to their commitments.

Midland Securities Corp. believes that with wartime demands consumption of newsprint will rise appreciably in the U. S. and it is more than probable that Canada and Newfoundland will receive this additional business.

* * *

Exchange Favorable

On the favorable side is also the fact that the U. S. dollar is at a premium in terms of the Canadian dollar and that newsprint producers will be in pocket the premium on the U. S. currency.

"The war presents the industry with an opportunity of re-establishing earning power, strengthening markets and improving relations with the publishers, to all of which the leaders are now directing their efforts," this investment banking concern concludes.

* * *

Bond Index

DOMINION OF CANADA
Long-term Bond Index

	Latest week Sept. 15-21	Preceding week Sept. 8-14	Weekly average year ago
Price	109.0	108.5	115.7
Yield	77.4	78.2	65.4

B. C.'s Injunction On Gas Continued

From Our Own Correspondent

VANCOUVER. — Exigencies of war caused continuation of the temporary injunction granted to British Columbia oil companies restraining the provincial coal and petroleum products control board from fixing the price of gasoline. The issue now goes before the Supreme Court of Canada for hearing in October.

W. B. Farris, K.C., representing oil companies, argued that since the injunction had been granted, conditions had entirely changed, not only locally but throughout the world.

American exchange was now at a premium. Insurance rates for shipping had increased and ocean freight had gone up. These were all important factors in the price of gasoline. He felt, therefore, the injunction should stand.

Attorney-general G. S. Wismer, K.C., pointed out that under wartime powers Ottawa might undertake control of gasoline, which would remove the whole matter from the present jurisdiction for the time being.

He was ready to agree to maintaining the status quo, Mr. Wismer said, on the understanding there should be no increase in the retail gasoline price while the injunction was continued.

Prices Are Withdrawn On U. S. Paperboard

From Our Own Correspondent

MONTREAL.—Many of the U. S. paperboard manufacturers have withdrawn prices on most of their products and are now booking business on the basis of prices in effect at the time of delivery. Prices have advanced sharply since the outbreak of war and producers decided to withdraw prices because of the unusually heavy demand and a chaotic price situation.

Possible curtailment of Scandinavian pulp imports is the main reason for the sharp rise in prices. Paperboard manufacturers in U. S. have been obtaining a substantial portion of their cellulose fibre requirements from Scandinavian countries.

Restrictions Removed On Commodity Trading

From Our Own Correspondent

MONTREAL. — Canadian Commodity Exchange announces that the one-cent limit of daily price fluctuation on butter, cheese and eggs has been removed and replaced with a new regulation restricting the daily limit of fluctuations to two cents. The emergency situation which necessitated the original ruling has now ceased to exist.

The two-cent limit has always applied to future transactions in produce on the exchange, but the present ruling makes it effective in the case of all spot and to-arrive transtions as well.

Hiram Walker Sales Rising

Estimate Past Year's Net at $6.40 a Share With $1 for Last Quarter

Estimated profits of Hiram Walker-Gooderham & Worts Limited for the three months ended Aug. 31, run around $1 or slightly more a share, it is reported. Adding this to the $5.37 a share earned in the first nine months of the year ended Aug. 31, 1939, would give around $6.40 a share for the full year, as compared with $8.04 a share for the previous year.

Sales are said to be running 10% to 15% higher than this time last year. It is admitted that a portion of this is due to retailer and consumer stocking up in expectation of higher prices and that the gain may taper off later, but it is thought that at least a portion of the trend toward higher sales will be continued.

While higher costs for cooperage and bottling supplies may halt the decline in U. S. whisky prices, it would also have an effect on profit margins. On the other hand, the company's large stocks of maturing liquors, made from low-priced grain, would offset rising grain prices.

Present New Thorold Plan

Amended Scheme Sent Out to Debenture Holders

As the result of negotiations between interested parties, an amended plan for refunding the debenture debt of Thorold, Ont., has gone out to debentureholders and will be submitted to the Ontario Municipal Board for ratification as soon as the necessary two thirds approval of the outstanding debentures is received by the fiscal agent, Guaranty Trust Co. of Canada.

The previous plan, although 70% of debentures outstanding signified approval was rejected by the Ontario Municipal Board, on the grounds that future annual debenture payments were too heavy.

The amended plan provides:

Interest arrears to May 31, 1939, are to be calculated at present coupon rates on unmatured debentures and at present rates to present dates of maturities. Thereafter at 4½% on matured debentures. Arrears so calculated shall be settled by a 90% cash payment.

90% of Arrears

Principal matured in 1934 and 1935 shall be paid in full in cash.

Balance of outstanding principal shall be refunded for exchange into new debentures of same face value dated June 1, 1939, maturing in one to 40 years, to be allotted in order of present debentures.

New obligations will bear interest on coupon rate to maturity and thereafter at 4½% until new maturity dates.

New debentures will be callable in whole or in part at par and accrued interest on 60 days' notice on June or Dec. 1, provided that where called in part the debentures to be called shall be chosen in order of maturity.

Approval forms have been sent out to all debentureholders, which are to be returned to the Guaranty Trust Co. of Canada, 70 Richmond St. W., Toronto.

Earnings Down For Brazilian

August Decline in Net Earnings 11.5% From 1938

Decline in net earnings of Brazilian Traction, Light and Power Co. in August was the heaviest for some time amounting to 11.51% from those of the same month a year ago.

Again, the company explains that the decrease was more than accounted for by the decline in exchange rates of the milreis in terms of the Canadian dollar. This was also the case in June.

Decline in eight months of the year has been considerably less than that of August, amounting to only 0.72% from eight months of the previous year.

The exchange rate upon which foreign companies operating in Brazil are so dependent will possibly be affected by the European war. While Germany has been eliminated as a market for coffee, Brazil's chief export, demand on the whole, for this product might be stimulated by war conditions. There remains, on the other hand, increased freight rates and transportation difficulties which will be in effect during hostilities.

If demand for Brazilian exports increases that country's currency position will improve. Quotations of Brazilian exchange used by Brazilian Traction Co. is arbitrary, although less than quoted rate for free exchange, which is largely nominal.

Monthly Earnings

August:			
Gr. earn.	2,964,112	3,280.358	*9.64
Op. exps.	1,416,660	1,531,642	*7.51
Net earn.	1,547,452	1,748,716	*11.51
Eight Months Ended August 31:			
Gr. earn.	25.328,273	25,023,365	1.22
Op. exps.	12,148,470	11,748,004	3.41
Net earn.	13,179,803	13,275,361	*0.72

*Decrease.

Alexander Building Corp. To Pay 1½% on Bonds

From Our Own Correspondent

MONTREAL. — Alexander Building Corp. has announced that payment of 1½% was declared on the registered 6% first mortgage cumulative income bonds, and will be made to bondholders of record Oct. 1, 1939.

Wanted
Kingston Shipbuilding Units
A. J. PATTISON JR. & CO.
EL. 5101 ROYAL BANK TORONTO

BALANCE SHEET AS AT

ASSETS

CURRENT

Cash on Hand and in Banks		$ 176,329.21	
Accounts and Bills Receivable		1,961,272.90	
Loans and Advances, less Reserve		322,454.28	
		UNLIMITED	
Inventories of Finished Products	$1,842,321.56		
Inventories of Raw Materials	2,431,921.24		
		4,274,242.80	
			$ 6,734,299.19

DEFERRED CHARGES

Insurance, Taxes and Prep
P ,129.66
INV
Se 279.12
PRO
Offi
Ma
Buil
Land 1.62
TRADI .00
.59

YOUR MOST VALUABLE ASSET DOES NOT APPEAR ON YOUR BALANCE SHEET

"Deprive us of our physical assets, take away our surplus and reserves, our bank balances, even our offices and furniture, but leave us our trained employees and, in a few years, we would have all the rest back again."

This statement was made by the vice-president of a world-famous corporation. It is no exaggeration. A staff of trained, loyal, contented employees is any company's most valuable asset, and one without which lasting success in any field is impossible.

Cooperation with industry to assure a future supply of trained men—from apprentices to high executives—has been a feature of I.C.S. service for more than forty years. Over 2300 companies and 285 railroads utilize I.C.S. training. These companies cooperate by SELECTION, in order that the right employees shall be enrolled; by COORDINATION, that the student employee may combine technical training with his occupation; and by ENCOURAGEMENT, that those who are striving for improvement may be stimulated to complete their courses.

Your employee does not look to you to pay for his technical training—he is fully prepared to do that. But he does look to you for advice, guidance and cooperation. Let us send you a monograph, "Training for Industry", which describes a simple, adaptable and efficient plan of cooperative training.

INTERNATIONAL CORRESPONDENCE SCHOOLS
CANADIAN, LIMITED, MONTREAL

Second Inter-State Royalty Reports Income to Date

From Our Own Correspondent

MONTREAL.—Second Inter-State Royalty Corp. advise the Montreal Curb Market that as of August 31, 1939, the company's investments in oil royalties had a book value of $243,474.

Gross revenue from royalty income since acquisition amounted to $72,910 up to July 31, 1939, and the reserve for depletion totalled $20,034. During July last the corporation had a gross royalty income of $1,692.

Winnipeg Electric Co. Reports Income Gain

From Our Own Correspondent

MONTREAL.—Winnipeg Electric Co. reports gross earnings in August of $498,409, a gain of $21,473 over the same month a year ago. Operating expenses and taxes amounted to $315,572 as compared with $308,971, leaving net earnings of $182,837. This contrasts with $167,965 in August, 1938.

For the eight months ended Aug. 31, gross earnings totalled $4,513,078, an increase of $216,128 over the like period in 1938. Net earnings at $1,897,990 represent an increase of $148,635 over the returns for last year

Tip Top Tailors Profit Shows Increase to Date

Earnings of Tip Top Tailors Ltd. in the year to date are slightly ahead of the corresponding period of the previous year, The Financial Post is officially informed.

No official contracts have as yet been received by the company for soldiers' uniforms, but in recent months there has been a substantial increase in demand for officers' uniforms for private individuals.

Biltmore Sales, Profits Increase in Nine Months

Sales of Biltmore Hats Ltd. in the first nine months of the company year which ends Nov. 30, were approximately 6% ahead of those in a similar period in the previous year, it is officially reported. Net profits for this period were substantially improved.

Bond Tenders

12 noon, Sept. 28, Canada Treasury Bills —$25,000,000, dated Sept. 29, 1939, due Dec. 29, 1939.

Now we have the floor.....

For some years advertisers have been spending the major part of their appropriations in media that reaches the urban buyer.

In order to maintain volume they have dug deeply, at high cost, to drum up sales in the highly competitive city markets.

Today a vast new, very accessible market looms prominently on the business horizon.

The farm market of Canada!

Canada's agricultural production is already earmarked for overseas. Prices have already jumped and are on their way higher.

Farmers in all provinces will have millions of dollars to spend for the products of industry. Farmers are good spenders, sensible spenders. They have needed things for years they will now buy for cash.

In planning next year's advertising appropriation put the farm market right up *first* — and cop off your full share of this huge cash market.

And among farm publications, make The Family Herald and Weekly Star the backbone of your campaign. For this publication has become, over 70 years, an integral part of Canadian farm life.

It is Canada's *only* national farm paper. It has the largest circulation. Its readers will become your new market.

Be sure to tell the farmer what you have to sell the minute he is ready and able to buy. He is making up his mind NOW.

Write for our interesting folder "It's a Funny Thing About the Farm Market".

Family Herald and Weekly Star
CANADA'S NATIONAL FARM MAGAZINE
MONTREAL, P.Q.

The Financial Post

Member Audit Bureau of Circulations

A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

The Financial Post has the largest paid circulation of all Canadian financial papers.

THE FINANCIAL POST BUSINESS YEAR BOOK AND MARKET SURVEY, YEARLY, $2.

THE FINANCIAL POST SURVEY OF CORPORATE SECURITIES, YEARLY, $2.

THE FINANCIAL POST SURVEY OF MINES, YEARLY, $2.

DIRECTORY OF CANADIAN DIRECTORS AND OFFICIALS, $8.00.

THE FINANCIAL POST SURVEY OF CANADIAN OILS, YEARLY, $1.

THE FINANCIAL POST CORPORATION SERVICE, $20 monthly. Special prices for individually selected investor's service.

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Business Manager—D. M. GOWDY
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MONTREAL—Dominion Square Bldg., Murray R. Chipman, Eastern Manager: John E. Langdon, Eastern Editor.

GREAT BRITAIN, London—Sun of Canada Bldg., 2, 3 and 4 Cockspur St., London, S.W.1. Telegraphic Address, Atabek, Lesquare, London.

TORONTO, SEPTEMBER 30, 1939

The Financial Post Editorial Platform for Canada

Winning the war has become the focal point for national and personal effort in Canada. This requires full mobilization of the nation's material and spiritual resources. To the fullest degree this should be obtained by individual effort, freely made. Strong national leadership will inspire service and sacrifice that will reduce the need for regimentation and compulsion.

The Financial Post believes such objectives require:

1. *Strengthening cabinet leadership by drawing upon Canada's best executive brainpower irrespective of political considerations.*
2. *Elimination of public and private waste.*
3. *Pay-as-we-go financial policy.*
4. *Planning the war effort with the post-war as well as the emergency needs in mind.*

In achieving these objectives the spirit of sacrifice and unity in Canada can be used in finding sound, long-term solutions to problems left unsolved in the idle days of peace.

Strength in Leadership

WITH the call to arms Canada has found some of the political leadership so conspicuous by its absence in the idle days of peace.

Inertia has been replaced by action. The organized, unified effort of the past three weeks has been in marked contrast to the political dry rot which impeded accomplishment in the peacetime conduct of public business.

Yet strength as well as mere activity in political leadership is urgently required. It is especially needful to overcome the appalling state of military unpreparedness in which Canada found herself when war broke out. It is vital if Canada's war effort is to be sustained on a sound, efficient basis not only in the immediate future but in the months and years of warfare which may lie ahead. Only the very strongest leadership can withstand the gruelling test of wartime responsibility month after month, year after year.

To ensure this strength in leadership, further changes and additions to the Federal Cabinet are essential. As pointed out last week by the Toronto Telegram:

> "It is not the part of loyalty to Canada to shut our eyes . . . . and to trust that by supporting those who are responsible for the present conditions, all will come right in the end. It is time to demand that men with driving force shall be placed in charge of Canada's affairs.
>
> "While better late than never, it is a tragic commentary on the laissez-faire record of the Government that not until after we had entered on the second week of our participation in the war was it discovered to be necessary to transfer the Minister of Defense to a minor portfolio. He is replaced by Hon. Norman Rogers, whose inability to achieve results in dealing with unemployment make it necessary to hope that he will be more successful in his new post.
>
> "Canada needs men at Ottawa today who will get things done without waste of time. Knowing what the outcome of the war means to Canada, the best men we have must be placed in direction of all phases of war work. And the men at the head must be doers not talkers."

Last week's cabinet shift at Ottawa has placed an especially great responsibility for strong leadership on the shoulders of Hon Norman Rogers. His war record, his academic attainments, his integrity and sincerity are well known. What remains to be seen is whether or not he has the driving force essential to overcome the handicaps under which Canada's defense effort now labors.

An Offensive News Analyst

AMERICAN radio chains should not forget that their programmes are heard from coast to coast in Canada. If they desire to retain the goodwill of the Canadian people they should be vigilant to avoid, particularly in wartime, inaccurate or "smart Alec" commentaries likely to be offensive to citizens of this country.

A persistent offender is Elmer Davis, Columbia's foreign news analyst, who seems to have an anti-British prejudice only second to that of Boake Carter, who is, happily, now off the air.

A day or so before Britain declared war, Mr. Davis solemnly "interpreted" the news of the day to indicate that another "Munich, another dose of appeasement" was on the way; that Britain and France probably would not live up to their obligations after all. Within a few hours he was proved wrong.

Over the last week end Mr. Davis was disappointed that Britain and France were not providing enough battles to keep him supplied with news to "analyse." He offered a facile explanation of the lack of a major offensive. The British Cabinet was still made up of the men who let Japan steal Manchoukuo; who let Italy get away with Abyssania, who stood by while Italian and German troops intervened in Spain. The Cabinet was still headed by the man who let Hitler gobble up Czecho-Slovakia on the ground that it would give us "peace for our time."

Most Canadians would not agree with Mr. Davis's own private version of recent history. Some Canadians would feel that any such comments come with ill grace from a country that itself declines the rôle of world policeman.

Britain today has pledged her men and her treasure to avenge both Czecho-Slovakia and Poland. Her young men are already dying by the thousands in fulfillment of that pledge. A few U. S. radio commentators have backed up this effort by calling Hitler nasty names. Mr. Davis's chain has not even done that. In maintaining strict "neutrality," the Columbia Broadcasting System has refrained from using harsh language about Mr. Hitler, but apparently it has no objections to its news "analysts" impugning British motives and courage because the Allies have not yet provided them with enough bloody battles to "interpret" from the modernistic comfort of a New York studio.

Canada at New York in 1940

SHOWMAN GROVER WHALEN is off to Europe to sign up a new batch of contracts for European participation in the New York World's Fair in 1940.

No matter what European countries may or may not do, 1940 at the World's Fair is Canada's prime opportunity to revamp her present exhibit and do a really first-class job of selling the Dominion's integrity, solidarity and strength to the millions who will visit the fair next year. Perhaps if one or two countries now in the "front line" of the parade of nations at Flushing Meadows drop out, Canada may even get the chance of moving up from her present second-line position.

But even more important than location is the type of exhibit which Canada must have at New York. At no time in Canadian history has there been a greater need for visualizing and merchandising in the United States this country's financial, industrial and economic strength.

Heretofore an open door financial policy enabled things about Canada to be taken for granted. The new wartime Exchange Control regulations are bound to cause grave questioning as to Canada's position and integrity. Americans sharing the present four-billion-dollar stake in Canada must be reassured that their investment is safe, well-protected, productive. Potential purchasers of our bonds, our tourist attractions, our industrial and mineral opportunities, need especial sales stimulus, now that Canada is at war.

It would be pinchpenny lunacy for us not to redouble our effort and put on a really worth-while Canadian exhibit at New York next year. Perhaps Mr. Whalen should visit Ottawa as well as European capitals before he returns to New York.

Defense of America

UNITED STATES is spending additional millions to strengthen her national defenses against what President Roosevelt once called the "philosophies of force." The country is almost unanimous in believing this a proper and wise course. Guns, airplanes, battleships are being built at a wholesale rate toward this end.

Yet, as Mark Sullivan pointed out recently in the New York Herald-Tribune, an airplane sent to France or Britain at this time is as much a defense against "philosophies of force" as an airplane built for domestic use. It is even better because a dollar spent by France or Britain, now, in American factories may really be of more value than a dollar later on.

America can improve her chance of remaining out of the war if she can find a way, now, to aid Britain and France in overthrowing the "philosophies of force."

That way is to repeal her present Neutrality Law, and to find a way, if possible, to give financial support as well to the allied cause.

Our Minister to Washington

ONE of Prime Minister King's most important appointments since Canada entered the war is the naming of a new Minister to Washington.

Geography and our Empire connection have given this country a very great responsibility at Washington — interpreting to American men and women of influence the British as well as our own and the Empire viewpoint.

This responsibility is even greater at a time when large groups of public opinion in the United States are at variance with our own views and the views of the other democracies which have undertaken to vanquish Nazi gangsterism from the world.

It is reasonable to question if Loring Christie is capable of measuring up to the very high responsibilities of this office. True, Mr. Christie has many qualifications in what might be termed "inter-office" diplomacy. He is a "career" man who has behind him a good record of service and counsel in respect of U.S.-Canada affairs. Few people are better equipped to move knowingly in and about departmental precincts at Washington.

But Canada has a right to expect something more than this of her envoy to Washington.

She has a right to expect that whoever represents her in that strategic position shall be able to exert the utmost influence and weight with all classes of American citizens. Our representative should be someone whose opinion and influence are sought not only as representing the views of Canada but as an interpreter of British and Empire opinion. An outstanding representative of Canada at Washington could probably exercise even greater influence at this time than could someone from Great Britain. Such an influence might be a deciding factor in swinging the essential aid of the United States on the side of the Allies.

It is hard to visualize Mr. Christie making any very great impression of this sort on American public opinion; difficult to see a man of his background and training doing an important sales job for Canadian industry. It seems also unfortunate that a man of marked isolationist views should have been appointed to this important job at this time.

Maintaining Community Service

THOUGH Canada's war effort must inevitably reduce unemployment and lower the burden of taxation for relief, it does not remove the need for voluntary community services. If experience of the last war is any criterion the work and responsibility of most private social agencies is, if anything, increased during a period of conflict.

New problems, not encountered in peacetime, develop. Child welfare and protection agencies, for example, anticipate a far greater load than during normal times. The increasing cost of living means that welfare dollars shrink steadily in buying power. This is already true in that higher prices for food and supplies have not as yet been offset by reduced demand for services.

Natural enthusiasm for war effort should not be allowed to sidetrack important community service organizations whose job is as vital in war as it is in peace. Annual financial campaigns (most of which are being undertaken earlier this year so as not to clash with Red Cross and other war appeals) are deserving of continuing support from corporate as well as from individual donors.

The Canadian Editorial of the Week

Sound Steps Taken

Winnipeg Free Press

The reorganization of the Cabinet which accompanied the announcements of our military plans is recognition of the fact that greater confidence would be placed by the nation in the Department of Defense if a change was made at the top. Mr. Norman Rogers therefore replaces Mr. Ian Mackenzie as Minister, a step which has been warmly received and applauded.

Mr. Rogers faces a great task. Canada starved its defenses for many years, and during that time domestic political issues overshadowed the need for a greater concentration of money and intelligence on defense. Those days are past, and the Prime Minister will be warmly congratulated upon making the changes that have now been announced. It is another great stride forward in the efficient organization of this country for war.

Let us not delude ourselves, however, that the magnitude and speed of the decisions now made mean that Canada can for a moment relax in the task to which she has set her hand. What has been done is only the beginning. Greater and greater sacrifices will be needed. What seems enormous today will shrink into insignificance before the demands of tomorrow.

There is nothing in the news from the theatres of war to suggest that a sudden spurt of activity, unsustained by continued effort, will see us through. We face changes and burdens of a kind that can even yet be scarcely forecast with accuracy, and to sustain us we must remember that on this war hangs the fate and happiness not only of ourselves, but of unborn generations to whom defeat today will spell misery and disaster in the future.

Editorials in Brief

Government must now eliminate the wastes of peace to make possible the wastes of war.

* * *

An independent judgment on Canada's building at the New York World's Fair is provided by the famous Architectural Review, of London, Eng. The Review chooses the best exhibits at the fair for critical discussion. Canada's building is dismissed with the comment that it adheres to the style of previous exhibitions and is "not much advance since Wembley and none since Glasgow."

* * *

An Ottawa news story reports there has been a shortage of clothing and boots for Canada's soldiers "owing to the speed with which Canadian recruits have flocked to the colors."

There's a shortage all right. But the real reason, of course, is Canada's unpreparedness.

The important thing now is how quickly and economically we can overcome this handicap.

* * *

Road building programmes in the Maritime provinces are beginning to pay tourist dividends.

During the first six months of 1939 the number of automobiles entering the Maritime Provinces through New Brunswick ports increased to almost the 300,000 mark.

Apart from a nominal gain in Alberta, the Maritimes increase was the only one recorded by any province in Canada.

* * *

Mack Sennett's movie technique found vigorous expression in a small metropolitan bakeshop, last week.

A customer declared herself noisily on the European situation. She liked Mr. Hitler.

Expertly appraising a lemon meringue pie was a second customer.

Smack went the pie in the face of the Hitler fan.

Clawing her way out of the gooey, no longer delectable mess, the victim was soon screaming for police—Canadian, not Nazi.

Sayings of the Week . . . .

"We must be as impersonal as a surgeon's knife."—*Colonel Lindbergh.*

* * *

"Let no group assume the exclusive label of the peace bloc. We all belong to it."—*President Roosevelt.*

* * *

"To the Russian, superiority of race is not only a repudiation of scientific truth, but ranks as counter-revolution."—*Maurice Hindus.*

* * *

"Our critics are morbid, degenerate, democratic individuals. Some even say that Jew is a human being."—*Propaganda Minister Goebbels.*

* * *

"I may be a remote relative of the Shakespeare family, but I do not write poetry or plays. I only play football." — *William Shakespeare, of America.*

* * *

"In a long struggle, landlocked powers like Germany and Russia have never yet been able to outlast the powers that control the sea." —*Walter Lippmann.*

* * *

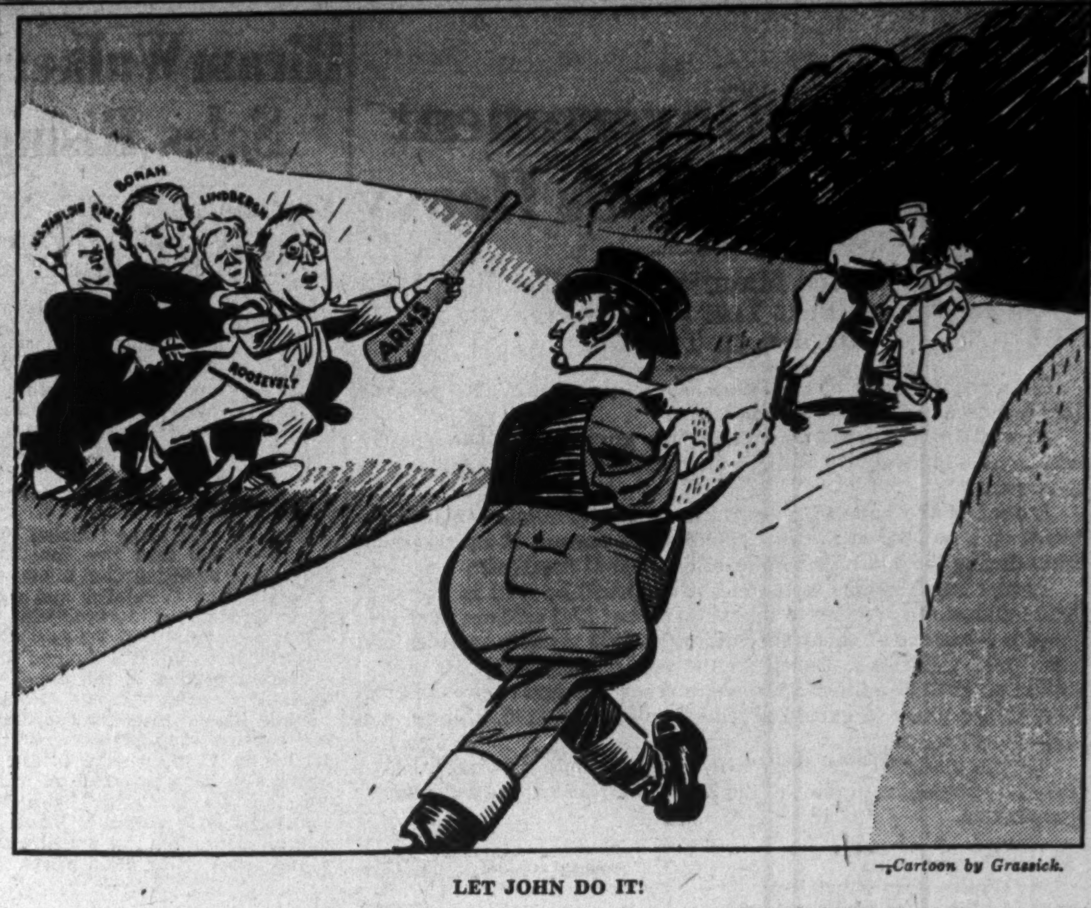
"Democracy, I define as government by the people in the interest of all the people with guarantee of civil and religious liberty to every citizen."—*Dr. Nicholas Murray Butler.*

* * *

"Why anyone should have expected Stalin to be decent to the democracies of the world with his record for double-crossing, is something I never could understand."—*George E. Sokolsky.*

* * *

"Canada will be closer to us as the years pass. Our destinies are alike, our ideals related, our safety inseparable. This doesn't mean political union (that would be silly and unnecessary) but unity in trade and cultural relations."—*Raymond Moley.*



LET JOHN DO IT!

—Cartoon by Grassick.

Post-Scripts . . . . .

Minister of Defense

It's no exaggeration to say that most if not all eyes in Ottawa are now on Norman Rogers. Four years ago this college professor with an important political secretaryship for a background was looked on as the white-haired boy of the Cabinet. His career to that time had largely followed that of his chief, Mr. King. It was felt that the new Minister of Labor was slowly working himself up into the front line or as a possible successor to the mantle of the Liberal leadership.

NORMAN ROGERS

Unfortunately Mr. Rogers didn't quite make the grade.

Despite able advice from such a body as the National Employment Commission, the manner in which Canada tackled her unemployment problem left much to be desired. Somehow, somewhere there was a lack of driving force in our unemployment effort — and Norman Rogers, as the responsible minister, was given the blame.

* * *

Actually Norman Rogers accomplished more than many people gave him credit for. For instance it is a safe bet that very few people in Canada have ever heard of "Rogers' Rangers"—the nickname for young chaps who are members of the National Forestry Programme organized this year by Mr. Rogers in co-operation with the Dominion Forestry Service.

Before war broke out there were over 4,000 "Rogers' Rangers" living under canvas. They formed the nucleus of a nation-wide work-recreation-training programme modelled on the famous C.C.C. camps in the United States. The camps were only organized a short time ago and were originally planned to carry on until October. Next year, had war not broken out, it was expected that five or six times the present number of youths—perhaps as many as 25,000—would be participating.

It can be objected that the Rogers' Rangers experiment is not big enough; that it should have been started several years ago. It is also true that there has been very little publicity about it. But that has been Mr. Rogers' way. He works quietly, prefers to start at the bottom, testing, building, experimenting, until he has something on which he can build a strong superstructure.

In the near future Mr. Rogers will probably swing this and other "labor" projects into important usefulness in connection with military training and industrial preparation. He will be supported in his new work by strong, forceful deputies in the persons of Col. DesRosiers and Col. Maclachlan.

* * *

There are many people at Ottawa, now they have recovered from the shock of having Mr. Rogers as Minister of Defense (he entered the last war as a buck private and emerged a lieutenant in the Nova Scotia Highlanders), who believe he will do a much better job in his new responsibility than he did in the Labor portfolio.

It is argued for example that the Government of which he was a member was committed to a policy of compelling the provinces to accept the first responsibility for unemployment until they would agree to transfer part of their jurisdiction to the Dominion. A constitutional settlement had to precede resolute action at Ottawa.

But Ontario and Quebec, to mention only two of the provinces, would never agree to forego any of their rights and therefore Mr. Rogers met with little encouragement from his colleagues when he came forward with plans for coping with the unemployment problem. That the value of the work done by commissions and individuals was never lost upon him personally is well known, but he seemingly lacked power to carry the Government along with him.

In his new portfolio Mr. Rogers is facing a quite different problem. He will have the Government with him all the way and if he possesses the imagination, the organizing ability and the driving force, he may well make the mark previously expected.

* * *

And by the way, Norman Rogers is proud to call himself "an ex-Maclean man."

Back in the early days he answered an advertisement in Maclean's Magazine. He secured credentials and sold subscriptions on a house-to-house canvass. He pays tribute to the valuable experience in sales work which he gained at that time.

Subsequently he had a brilliant university record, earned a Rhodes scholarship and took a professorship at Queen's University. His first association with public life was as secretary to Prime Minister King when the latter was Minister of Labor. In 1935 Mr. King persuaded him to enter the political field. He won the election at nomination at Kingston and was made Minister of Labor.

* * *

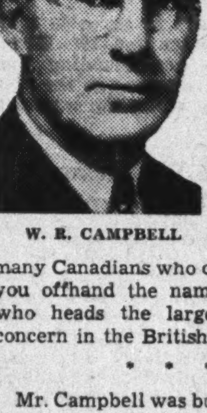
Mr Rogers is modest and likeable. When he went to Ottawa as a cabinet minister he did not change his living habits . . . or his clothes. He is a familiar figure on the streets of the nation's capital, walking hurriedly along the street with his professorial fedora perched perilously at an angle on the back of his head, his coat open and his tie waving in the breeze.

He has never attempted to look like a cabinet minister. Perhaps that explains an incident that happened the morning he went over to his new headquarters the other day. As he entered the building, an armed soldier on guard stopped him and asked his name. Mr. Rogers muttered something and kept on walking. But the guard was unconvinced and he roughly shouldered the new Minister to a dead stop. A thing like that would not annoy Mr. Rogers. He has a sense of humor. As George Ferguson remarked last week in The Winnipeg Free Press: "His methods will have neither bulldozing nor arrogance. He will never pretend to be a Brass Hat."

* * *

War Supply Chief

Not many years ago there were very few people outside Windsor and the automotive industry who had ever heard of Wallace R. Campbell, president, the Ford Motor Co. of Canada and new chairman of the War Supply Board. His name and good deeds have been publicized a little in recent years. But until last week there were not many Canadians who could have told you offhand the name of the man who heads the largest motor car concern in the British Empire.



W. R. CAMPBELL

* * *

Mr. Campbell was born in Windsor, 57 years ago. Both his parents were public-spirited citizens and the Campbell school at Windsor is named after John A. H. Campbell, father of Wallace R.

After leaving Windsor Collegiate, Wallace Campbell got a job with the Queen City Oil Co. whose chief job at that time, if we mistake it not, was selling kerosene for coal oil lamps, stoves and so forth. Wallace Campbell was the company's sole representative in Windsor.

Then in 1904 the Ford Company decided to set up a branch in Canada. Mr. Campbell got interested and in August, 1905, he joined the firm as secretary. After the war he became assistant treasurer and when Gordon McGregor died some 16 years ago, Mr. Campbell became the chief executive of the company in Canada. In 1929 he was named president. He retains his old responsibility as treasurer of the company and in addition is a director of the Canadian firm and of the allied Ford enterprises in India, South Africa, Singapore, Straits Settlements, New Zealand and Australia.

A few months ago his associates in the Ford plant and offices honored him with a luncheon and presentation to mark the fact that he had completed one third of a century of service with the company.

* *

The fact that this head of a $66 million dollar company, with plants and business connections all over the world, has kept himself so successfully out of the public eye, typifies his natural reserve and dislike of publicity.

Thousands of Canadians read or listen to the views of Henry Ford or W. J. Cameron. They are never given a chance to hear what Wallace Campbell thinks about the war, automobile tariffs, western purchasing power or scores of other everyday topics.

Even those who discuss these or other questions with him are unlikely to get a direct answer, for Mr. Campbell usually takes his own time and chooses his own way of doing things. Your query may seemingly fall on barren ground—you may doubt if Mr. Campbell even heard what you said. But if you are patient you will find your question answered, and well answered, before very long. For once Mr. Campbell, or the Ford company, does a thing, it is invariably done well. Getting things done and doing them well has been an outstanding characteristic of Mr. Campbell and his company. And it is axiomatic that the same principles, the same energy and ability will be directed toward getting the best possible productive effort out of Canada's war supply facilities.

* * *

Both Mr. Campbell and his wife have been long interested in Red Cross work. During the last war Mr. Campbell was president of the local Red Cross organization in Windsor. Mrs. Campbell is now National Chairman of Red Cross war work. Mr. Campbell is also on the Ontario executive of the Society.

He has also been keenly interested in Boy Scout activities, having served on provincial and national executives. He is president of the Windsor Boy Scout association.

These honors and responsibilities have invariably come unsought. Mr. Campbell has never taken an active interest in politics and his appointment to the War Supply Board was a clear-cut case of the job seeking the man. As his hometown paper commented last week, his appointment shows that the Government "means no fooling." The Windsor Star also added:

> "It is safe to assume that Mr. Campbell would not accept the job, unless he was first assured that he would be given a free hand to go ahead unhampered by politics. That is the way to do it. War is too serious a business to let politics muddle matters. The people will be looking to Mr. Campbell to do a big job, and he will not disappoint them."

Mr. Campbell has two sons and two daughters. His hobbies are golf, riding, shooting.

* * *

Correction

In last week's sketch of Loring Christie, Canada's new minister at Washington, it was said that Mr. Christie was brought back to the External Affairs branch at Ottawa in 1935 by Rt. Hon. W. L. Mackenzie King

Actually, it was Mr. Bennett who persuaded Mr. Christie to forsake business for diplomacy.

Before bringing Mr. Christie back to Ottawa, Mr. Bennett, very properly, consulted Mr. King, then leader of the opposition. If Mr. Christie was engaged, would Mr. King keep him on in the event of there being a change of government?

Mr. King agreed and the appointment was made.

Stop Me If . . . .

Echoes of the royal visit are still heard occasionally, says the New Yorker. It reports the remark of an English housekeeper who works for a family here in town. Her mistress, rummaging through the master's laundry, put aside a pair of pyjamas that seemed too worn for further use. The housekeeper clutched the garments protectively: "You must never throw these away, Madam," she said. "They are the exact color of Her Majesty's eyes."

As Others See Us . . . . .

Brilliant Canadian Engineering

St. Thomas Times-Journal

To the ordinary citizen the big 48-page issue of The Financial Post of Sept. 9 comes as a revelation of the tremendous accomplishments of Canadian engineering. The developments of our construction, mining, railway, navigation, power, aviation and other departments of large-scale activity are vividly and ably illustrated in the issue in question, and minister to a proper pride in Canada's engineers, technicians and industrialists. It is vain to try to review the contents of The Financial Post's pages. As not seldom occurs, the advertising pages equal, if they do not in some respects surpass, the topical articles, aided by pictures of huge constructions in all imaginable lines.

No Canadian can roam through The Financial Post's pages without being thrilled with the prospect of greater things to come from the foundations already laid. Certainly we have no mean country or lack of able, competent men as business leaders. If we sometimes wish for greater reaching out on behalf of our public men, we need feel little misgiving as to the capacity which has been enlisted in Canadian enterprise upon broad lines.

The Financial Post is itself, week by week, evidence of sure growth of Canada in the things that make for national and material greatness. Its own ability and enterprise are journalistically brilliant and successful, and it has become an institution of which Canadians have every reason to be proud and which is a powerful factor in our advancement. We warmly congratulate The Financial Post upon this particular issue and upon its constancy in playing a great part in Canadian development.

Pay-as-We-Go

Port Arthur News-Chronicle

The editor of The Financial Post gave an address on problems of finance in wartime.

According to reports in the daily papers he said the principle must be "pay-as-we-go." The shock to the nation's economic system after the war would be much less.

Certainly. It would not be in any sense fair to the folks in 1960-65 if they have to go into war burdened with debts hanging over from 1939—?

Why Not in Peace?

Midland Free Press

The Financial Post informs us that Canada's idle days of peace are at an end. With the Empire at war with Nazi Germany demand is seen overnight for every man, every machine, and every acre in the Dominion. The factories and farms of Canada will shortly absorb every unemployed man who is capable of rendering any useful service. Relief will pass from the picture except for the aged and unemployables.

Very good, but why was it necessary to have a war to bring this about? If we can so organize industry and agriculture in time of conflict that everyone is busy, why can we not do the same thing in ordinary days of peace? If our Government had put the same thought and energy into tackling the unemployment problem as it has into war activities we should not have had the depression with us so long. If there is no other lesson to be learned from this war surely we can remember that the unemployment problem disappeared when all the best brains of the nation united in a combined effort for the nation.

Other People's Views . . . . . .

Pay Cheerfully

Regina Leader-Post

No Canadian should complain about being taxed for our present war effort. We are in the war, and we are in it until the finish. We are in until Hitlerism has been overthrown, whether it takes a year, three years or five years. It is going to cost money to overthrow Hitlerism, but it is worth it. For there can be no peace or security in the world until this rapacious thing has been overthrown.

So let us pay cheerfully for our Canadian war effort, pay cheerfully that we may be kept a free people.

Democracy in Commons

Vancouver Sun

It was a stirring thing to see that Mr. Woodsworth was still free in our Parliament to say what he thought, to oppose the majority, to hold a view against the whole nation if he wished to. That is the democratic way for which we are fighting the war, without which the war would not be worth fighting. If ever the time comes when a man like Mr. Woodsworth cannot speak as he chooses, as his conscience directs, our democracy will be lost, the war will be lost, whatever the military verdict.

A Poor Lead

Toronto Telegram

Parliament gave a poor lead to the people of Canada when it set aside $175 and expenses for the six days' labor of each member at the special session. That the amount is comparatively small does not affect the principle. These gentlemen receive $4,000 a year for their services, and the intimation that they are not going to do a hand's turn out of the ordinary without being paid for it almost suggests that Parliament cannot really have it in its heart to deal with profiteers as they should be dealt with.

The Russian Betrayal

New York Times

Though Stalin has always held western democracy in contempt, he created and kept alive for years the pretense of an alliance with it against Fascism; his satellites, tools and dupes in other countries formed their "popular fronts" and their leagues against war and Fascism.

All these pretenses and lies have collapsed together. The most squirming apologist now will not be able to convince any one but idiots of their sincerity.

At least the issue stands clear. Hitlerism is brown Communism, Stalinism is red Fascism. The world will now understand that the only real "ideological" issue is one between democracy, liberty and peace on the one hand and despotism, terror and war on the other.

Week in Business

War Demand Quickens Business in Canada

Dominion's Role as Source of Supply for Foodstuffs and Munitions Means Larger Purchasing Power — Trade Already More Active

Canada is losing no time getting into large scale production of war materials and equipment. Already operations in various industries have been speeded up. Right across the country, effort is being concentrated on gearing our whole industrial and agricultural facilities to production on a wartime scale.

While an active service force will be sent overseas by Canada, her greatest effort will be in her wheat fields and factories producing food supplies, munitions, clothing and equipment for the Allied forces. The need for such materials will be enormous.

Fewer men in the modern infantry battalion but more machine guns indicate the trend of the times. So too does the increased use of mechanical transport. Airplanes and tanks will form a larger part of the army equipment than ever before. These all require personnel to handle while on the lines of communication a vast number of artisans, mechanics and drivers will be required. These men will have to be clothed and fed.

It is in the supply of the materials and foodstuffs required that Canada's great contribution to the Allied cause will lie.

The speed with which the necessary adjustments in industry are being made this time, contrasts sharply with the situation some 25 years ago. For months past, those studying the situation on both sides of the Atlantic have been convinced that Canada can be most useful to the Allied cause by acting as the arsenal or huge base depot from which the Allied armies can draw supplies of shells, airplanes, motor trucks, uniforms, wheat, meat and other food supplies and equipment.

Her enormous resources of base metals and other raw products combined with the fact that she is the nearest to the scene of action, of all the dominions of the Empire, naturally fit her for such a rôle. The Government has taken cognizance of this by announcements that enlistments from certain classes of industry are to be discouraged in order not to cripple the industrial effort.

What this means to Canadian business and industry is obvious. Already it is having its effect. Employment is increasing. Payrolls are expanding. Buying power is stronger. Retail stores are busy. Business generally is more active. One striking indication of the increase in activity that has already occurred is flour milling, where plants have been working night and day and Sundays to meet the demand. One large Canadian company has announced plans to double its largest unit. And Canada is only at the beginning of her war effort.

But the effect is farther reaching still. The money paid out in wages in the munitions industries is already stimulating demand in other lines, and will do so in increasing volume. Added purchasing power and greater certainty of employment is bound to result in a better demand for comforts about the house, for new furniture, radios, automobiles, and various other articles now so necessary in modern life.

Business Indicators

Current business active, with The Financial Post Business Index in August well above 1938. D.B.S. weekly index of business activity higher than in previous week, and last year.

Railway earnings for third week of September higher than last year, for both roads. Cumulatives for year to date up 8.3% and 4.7% for C.N.R. and C.P.R. respectively.

Total exports for eight months increase 15.3%.

Iron and steel production higher in August. Totals for year to date down 16.4% and 8.3% respectively.

Automobile sales in Canada lower for August and for first eight months of year; financing of new and used cars also down.

Gold production shows gain of 11% in first seven months of 1939.

Lumber exports in eight months expand 27.5%.

Cigarette consumption higher for August and for first eight months.

Bank debits to Aug. 31, 2.4% above last year.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus ▲.

	Sept. 16	Sept. 9	Sept. 2	Aug. 26	Sept. 17/38
Commodity prices	77.4	75.9	72.8	72.7	74.5
Weekly index	110.3	109.7	106.7	108.1	109.3
	Aug.	July	June	May	Year Ago
Financial Post index	*▲121.2	119.8	118.8	116.3	109.2
Retail index no. of sales	....	83.5	85.0	80.8	80.3
Dept. store "	73.6	77.3	72.2	75.2	74.7
Wholesale "	....	92.2	99.3	101.4	90.1
Country (% change fr. last yr.)	....	—6.2	—7.7	—2.8	....
Employment D.B.S. Index—	Aug. 1	July 1	June 1	May 1	Year Ago
All industries	117.5	115.8	113.1	106.2	112.1
Manufacturing	112.8	111.3	111.4	108.4	110.1
Wage earners No. (000)	....	....	2,385	2,329	2,338
Living costs‡	....	$16.93	$16.92	$17.02	$17.45
			Jan. 1 to date		%
Railways—	1939	1938	1939	1938	Change
Carloadings, wk. (Sept. 16)	▲71,274	56,609	1,689,434	1,665,058	+1.4
C.N.R. gross wk. (Sept. 21) $	▲5,651,182	3,971,607	134,725,677	124,342,480	+8.3
C.P.R. gross, wk. (Sept. 21) $	▲4,509,000	3,364,000	99,458,000	94,950,000	+4.7
C.P.R. net revenue (July). $	626,160	507,337	5,977,503	3,188,365	+87.4
C.N.R. net revenue (July) . $	214,827	•96,958	•290,490	•5,776,941	....
Iron and Steel (Aug.)—					
Pig iron production (tons) .	▲65,920	49,477	422,028	504,873	—16.4
Steel ingots and castings prod. (tons) (July)	111,149	83,927	691,290	754,267	—8.3
Automobiles (Number)—					
Passenger Cars:					
Domestic sales* (Aug.)	▲3,646	4,591	63,874	71,603	—10.7
Factory output (July)	5,112	5,273	75,080	81,375	—7.7
Trucks and Buses:					
Domestic sales* (Aug.)	▲2,494	2,613	18,039	20,250	—10.9
Factory output (July)	4,023	3,734	27,810	29,790	—6.0
Exports (July)	4,840	4,760	39,610	39,731	—0.3
Financing (Aug.):					
Used $	▲3,288,609	3,231,692	24,998,564	26,684,357	—6.3
New $	▲2,276,081	2,501,978	20,122,942	25,447,092	—20.9
Construction—					
Contracts awarded (Aug.) $	25,827,200	22,113,400	131,402,800	123,926,800	+6.0
Cement, bbls. (June)	728,000	749,000	1,995,776	2,167,414	—7.9
Agriculture—					
Flour prod., bbls. (July)	1,105,502	928,722	7,927,853	6,439,851	+23.1
Flour exp., bbls. (Aug.)	379,276	286,270	3,005,951	2,220,586	+35.3
Wheat exp., (Aug.)	10,272,929	6,266,055	75,366,950	39,298,033	+91.7
Cattle sales (July)	61,220	64,127	397,686	387,976	+2.5
Hog sales (July)	42,144	43,619	358,138	409,863	—12.6
Sea Fisheries: (August)‡					
Catch, cwts.	▲1,439,900	1,507,600	6,555,120	5,629,210	+16.4
Landed value	▲3,007,400	3,389,400	11,891,980	12,096,210	—1.6
Newsprint (tons)—					
Production (August)	236,975	220,303	1,805,669	1,682,720	+7.3
Exports (July)	200,173	200,836	1,415,291	1,304,122	+8.5
Mining and Oils—					
Coal prod., tons (July)	1,064,354	825,940	7,872,776	7,757,113	+1.4
Coal imports, tons (July)	1,590,973	1,480,069	5,456,919	6,457,800	—15.5
Gold prod., fine oz. (July)	▲440,065	419,685	2,932,510	2,639,755	+11.0
Nickel prod., lb. (June)	20,103,880	16,327,169	110,314,754	108,995,141	+1.2
Copper, prod., lb. (June)	54,581,869	48,489,958	296,468,599	292,048,917	+1.5
Crude oil prod., bbls. (June)	821,308	537,654	3,371,238	2,919,425	+15.4
Crude oil imp., bbls. (July)	▲3,984,057	4,066,571	18,175,657	17,513,028	+3.7
Electric Power Output (July)—					
Total monthly m.k.w.†	2,204,965	1,987,774	15,947,968	14,706,151	+8.4
Foreign Trade—					
Imports (July) $	58,580,050	55,822,529	379,659,369	392,514,764	—3.2
Exports (August)	▲$111,032,492	86,537,952	670,023,411	580,937,398	+15.3
Other Industrial Factors—					
Dressed lumber exp.:					
M. bd. ft. (August)	▲248,455	147,205	1,363,405	1,069,207	+27.5
Shoes, prod., pr. (July)	1,833,993	1,626,772	13,083,764	12,573,625	+4.0
Cotton imports, lb. (July)	9,419,000	7,588,000	62,983,000	71,694,000	—12.1
Raw rubber imp., lb. (July)	6,747,000	6,015,000	36,194,000	31,360,374	+15.4
Cigarette cons. (Aug.) No.†	▲719,562	668,798	4,689,888	4,539,360	+3.3
Sugar manufactured, lb.§	101,582,123	100,705,387	489,370,866	470,846,295	+3.9
Finance—					
Bank debits (August)† $	▲2,389,741	2,371,129	19,899,573	19,422,568	+2.4
Bond sales (Aug.)	$113,231,600	52,096,566	980,751,526	777,649,927	+26.2
Life insurance (August.)	$▲28,558,000	28,446,000	253,345,000	252,913,000	+0.17

*D.B.S. All Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For four weeks to Aug. 12, 1939. •Deficit.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Preliminary.

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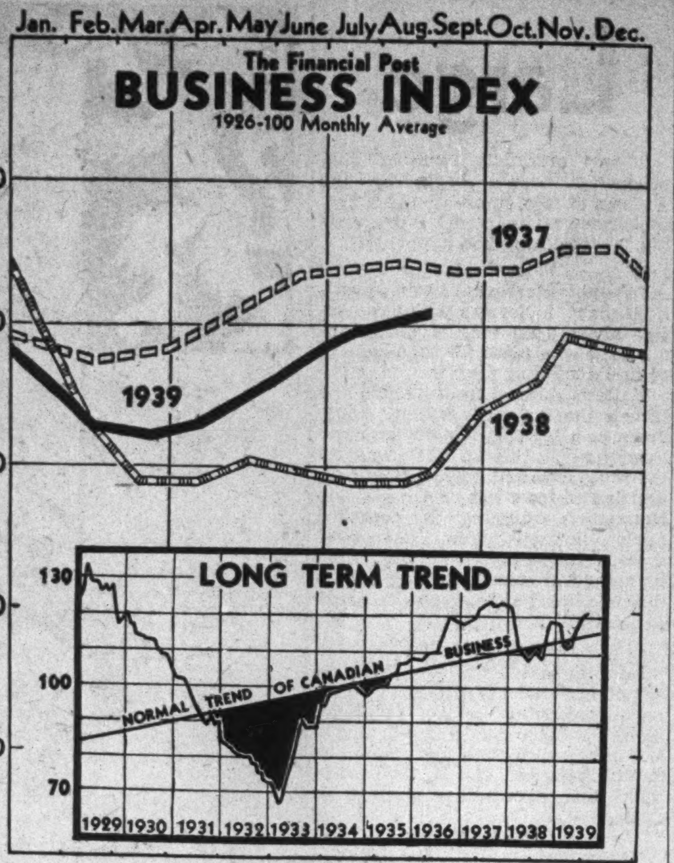

FURTHER ADVANCE IN BUSINESS —

Canadian business showed further advances in August, continuing the upward trend in evidence since the first quarter. The Financial Post Business Index moved up to 121.2 compared with 119.8 in July, and 109.2 a year ago. While reaction from last year was shown by some indices such as automobile production, creamery output and nickel and copper exports, statistics showed increases over 1938 well in the majority. Sugar manufacturing, pig iron and forest products industries were among those which showed greater activity.

Major Economic Factors

		August 1939	August 1938	Change 1939 %	July 1939
Financial Post business index*		121.2	109.2	+11.2	119.8
Common stocks*		94.2	105.2	—10.5	97.3
Bank deposits*		127.5	122.3	+4.3	125.6
Copper exports	cwt.	456,965	460,864	—0.8	469,353
Nickel exports	cwt.	149,921	150,359	—0.3	172,757
Zinc exports	cwt.	476,545	176,643	+169.8	340,735
Asbestos exports	tons	14,125	12,759	+10.7	14,450
Sugar manufactured	lb.	101,582,123	100,705,387	+0.9	85,837,830
Cheese, factory production	lb.	20,160,672	19,818,162	+1.7	22,215,571
Butter, creamery production	lb.	33,828,360	35,180,766	—3.8	38,189,238
Newsprint production	tons	236,975	220,303	+7.6	227,630
Planks and boards exported	M. ft.	248,455	147,205	+68.8	185,096
Shingles exported	squares	310,576	276,692	+12.2	303,741
Pig iron production	tons	65,920	49,477	+33.2	59,587
Automobile production	No.	3,475	6,452	—46.1	9,135
Cigarette consumption	No.	719,561,940	668,798,289	+13.9	677,112,067
Cigar consumption	No.	11,336,676	11,819,917	—4.1	10,685,272
Carloadings	No.	228,978	213,082	+7.5	196,392
Exports	$	111,032,492	86,537,952	+28.3	91,728,664

*1926 = 100.

B. C. Salmon Held For Allies

No More Salt Fish for Orient — Small Trade Affected

From Our Own Correspondent

VANCOUVER.—While the mines of British Columbia continue to ship copper under special export permit to Japan, the province's fisheries will not be so accommodating to Nippon's wartime demand. B. C.'s famous food fish, the salmon, is to be conserved for the Allies and shipments to the Orient are being discontinued.

The Provincial Government's action in refusing to grant any licenses this fall for salmon dry-salteries will cut B. C. fishermen from a $200,000 market for dry salt salmon in Japan.

Chum salmon that would be dry salted will be diverted to the canning and freezing trade, from which the product will go to Empire markets. Herring dry salteries are not affected so far.

The dry salt fish market in Japan several years ago was of greater importance to B. C. but during the last two years the Japanese Government has exercised rigid exchange control and has allowed only about $240,000 of foreign exchange annually for salt fish in this market.

Railways Levy 7% Surcharge

Take Action to Offset Exchange Loss on Newsprint Shipments

From Our Own Correspondent

MONTREAL.—Canadian railways are making an exchange surcharge of 7% of the total transportation charges on newsprint shipments to United States during September. This adds about 52 cents a ton to the cost of shipping newsprint from Three Rivers to New York.

Purpose of the surcharge is to compensate Canadian railways for loss sustained in settling the American railroads' proportion of the freight charges in American dollars.

Assessment of the surcharge reduces the amount the newsprint manufacturers will realize as a result of the premium on U. S. funds. A premium of 10% on the American dollar means an additional $5 a ton for the Canadian newsprint manufacturer on shipments to United States, less the exchange surcharge on transportation costs.

The exchange surcharge made by the railways will be altered from time to time. The present charge of 7% is in effect until the end of this month only.

The premium on the American dollar may result in a change in any new contracts secured by Canadian mills. At the present time most of the contracts call for payment of the shipping charges by the mills. In other words, the price quoted is the delivered price.

Ontario Power Consumption Up

Primary Load in August Jumps Almost 8%

Power output in all the systems of the Ontario Hydro-Electric Commission increased in August over the corresponding month in 1938.

On a basis of maximum 20-minute peak horsepower, the Niagara system's primary load was up 4.6%, while the primary load of all system was up 7.6%. Both primary and secondary loads of all systems increased 12.9% during the month and the Niagara system, the largest unit in the Commission's systems, showed power consumption during August, 12.1% greater than in the same month last year.

Following is the Hydro's report of power consumption for August:

Ontario Hydro August Peak Loads
Maximum 20-Minute Peak H.P.

System	Aug. 1939	Aug. 1938	Incr. %
Primary Loads:			
Niagara	979,893	936,461	+4.6
Eastern Ont.	127,401	117,332	+8.6
Georgian Bay	38,757	34,658	+11.8
Thunder Bay	85,858	77,922	+10.2
Northern Ont.	168,283	134,512	+25.1
Total	1,400,192	1,300,885	+7.6
Primary and Secondary Loads:			
Niagara	1,265,550	1,129,356	+12.1
Eastern Ont.	158,956	147,232	+8.0
Georgian Bay	38,757	34,658	+11.8
Thunder Bay	124,920	120,979	+3.3
Northern Ont.	215,870	166,013	+30.0
Total	1,804,053	1,598,238	+12.9

Primary Cotton Industry Reports Greater Activity

From Our Own Correspondent

MONTREAL. — Activity in the Canadian cotton industry in August was at its best level since June, 1937, after showing a decline in the previous month, following three consecutive monthly increases. According to the Cotton Institute of Canada, the index of cotton consumption is 148.4 compared with 107.5 in the like month of last year, and 126.0 in the previous month.

Total consumption of raw cotton in August was placed at 24,406 equivalent 500 lb. gross bales against 17,363 in August 1938 and 20,289 in the preceding month.

FIVE PULP PROCESSES

Wood is pulped by five commercial processes, one of which is purely mechanical, three of which are strictly chemical, and one of which is semi-chemical.

Keeping Posted

Veteran Business Commentator Shares His Wide Reading With Businessmen

By J. C. KIRKWOOD

When I read a fortnight or so ago about Brigadier-General A. C. Critchley's being made Air Commodore of the British Royal Air Force, it recalled to me afresh my own close contacts with him when I was resident in London, 1920-30.

General Critchley had, after the war, been made managing director of the British Portland Cement Manufacturers—an association of Portland cement makers controlling 70% of the total British production. One of his problems was that of advertising — how to advertise effectively when the number of brands was 30 or more. I was able to provide the solution of this problem, and thereafter, for 10 years, I had General Critchley's favor. He employed me to investigate the merchandising possibilities of several companies of which he had become a director, and then he suggested that he and I should be integrally associated in providing a special advisory service, in relation to sales and merchandising, to British industrial companies. My return to Canada in 1930 prevented the development of this project.

JOHN C. KIRKWOOD

General Critchley was the top man in the sport of greyhound racing in Britain, and made a fortune from racing tracks. In the General Strike of 1926, General Critchley was chosen by the British Government to organize and superintend the distribution of the Government's newspaper, The British Gazette.

* * *

Advertising Clues

One, Irving J. Rosenbloom, American, sleuthed 28 million returned coupons which had been attached to advertisements, in a purpose to capture truths or facts for instruction of national advertisers. Here are some things which emerged from Mr. Rosenbloom's studies:

> If the same advertisement is repeated over and over, unchanged, each successive insertion creates less desired action than its predecessor.
>
> Serial advertisements possess no particular merit. Each advertisement must relate its own complete story.
>
> Teaser copy is not as effective as breaking right into the sales story.
>
> Continuity in appearance, layout and copy theme tends to detract from the pulling power of advertising.
>
> The one important action desired must be selected in each individual case. The offering of alternatives or conflicting objectives kill the pulling power of advertising.
>
> The use of the brand name at the top of the advertisement detracts 25% from the pulling power of the copy.

There were other findings, but those as above have instructional value to all national advertisers and their counsellors.

* * *

A First Motor

Two years to build a motor car! From 1898 to 1900. The patient builder was D. A. Maxwell, a Waterford, Ont., blacksmith. Mr. Maxwell had a gasoline engine in his shop, and with this nucleus he proceeded to build a motor car. He made all the castings, did all the machine work, blacksmithing and woodwork, and put on solid rubber tires. Later, he modernized his car with pneumatic tires, steering wheel and fenders. The car had a speed varying from 5 to 20 miles an hour.

This car still lives; or perhaps it would be more correct to say that it is a corpse. It was exhibited—so I read in the September issue of Canadian Automotive Trade — at this year's Western Fair at London. It had become the property of A. B. Lucas, inspector of London's public schools. Mr. Lucas has donated it to the museum connected with Western University.

* * *

Hardware Breakdown

Canada has about 3,000 retail hardware establishments, yet only 1,100 or so of these stores report to the annual survey of retail trade as made by the Dominion Bureau of Statistics While many of these reporting stores are able to give figures relating to total sales, payroll and inventories, yet only 331 were able to supply the Bureau with a breakdown of their operating expenses for 1938.

Of these 331 stores 204, or 62%—so reports Hardware and Metal of issue September 16—secured a profit on the year's operations—this after making allowances for an imputed value of proprietors' services. The remaining 38% operated at a loss. The 204 profitable stores operated on a gross margin of 26.5%, showed a net profit of 3.8% of sales, and turned their stock 2.2 times. Fifty-seven per cent of stores having sales of under $20,000 operated at a profit; the remainder at a loss. Of the stores having sales ranging from over $20,000 to $50,000, a profit was earned by 60% of their number. Of stores having sales in excess of $50,000, the proportion making a profit was 76%.

There is a regrettable lack of uniformity among retailers, of all classification, in classifying and recording expense data, and the circumstance undoubtedly accounts for many of the failures among retailers.

* * *

Good Careers Here

What shall a young man on the threshold of his vocational life, do? He should take up the career of business management, in the opinion of Walter S. Gifford, president, American Telephone & Telegraph Company. "Modern business management," says Mr. Gifford, "provides the basis of satisfaction to educated men, for industry is the basis of the well-being of the nation and of commerce. Business is not a simple calling. It requires skill of a high order, capacity, and a sense of responsibility."

I recall, when I lived in England, that it became a scandal—the number of newly-launched companies which failed, after only one year's operation, to pay the dividends which were so positively predicted in their prospectuses. At the first annual meeting of many of these new-born companies, there was confession that the management had been at fault—and no wonder, for the men at the top were, in many instances, put there by pull or favor, and not because of their proved competency. So scandalous was the situation that the London Stock Exchange decreed that it would refuse to list stocks of new companies, unless their prospectuses were first of all submitted to able analysts for checking up statements made in them with their perceived ability to earn prospective profits. The crying need was declared to be for competent management.

Business management is, assuredly, an inviting field to young men questing for a career able to satisfy their natures and desire for adequate self-expression, and for an income adequate to maintain them in good circumstances—this at least.

TRANSFORMATION

● Have you ever noticed how moisture makes a striking change in the appearance of certain stones on the sea shore? When they are dry these stones possess little which attracts attention. But when they are wet, when they are wrapped, so to speak, in a film of moisture — their whole aspect is changed. Their sheen, their colour, their entire appearance is immeasurably improved. Their stimulating brightness demands attention and gets it.

The use of "Cellophane" cellulose film, we think, brings to merchandise just those same qualities which moisture gives to stones. As a packaging medium it improves immeasurably a product's appearance; it brings sheen and sparkle to what may be a prosaic object. It lends an attraction which demands and gets attention — *at the point of sale.*

Perhaps the use of "Cellophane" could strengthen the sales appeal of some of *your* products. We shall be glad to discuss the matter with you at any time.

C·I·L *Write to "Cellophane" Division, Canadian Industries Limited, Box 10, Montreal, Que.*

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C·I·L CELLULOSE FILM

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A requisite of a sound investment portfolio is a periodic analysis by a competent investment consultant. This service may be obtained without obligation at any of our offices.

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Business Established 1889
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Montreal Winnipeg Vancouver Victoria New York London, Eng.

Excess Profits Tax . . .
Its effect upon your investments

We have compiled a table indicating how certain Canadian Companies may be affected by the new Excess Profits Tax. Write for a copy.

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LIMITED
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Ottawa Telephone: Elgin 0161 London
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Correspondents in New York and London, Eng.

ON GUARD

TODAY, as in 1914, we stand On Guard in the defence of our homes and our freedom.

As a united Canadian people we face the fact of war with courage and with fortitude. Only through unity of effort can we efficiently mobilize our resources in the cause of peace and justice.

As individuals, we stand On Guard — ready to make personal sacrifices—prompt to render what service we can for Canada and the Empire.

Let us be On Guard against the petty dissensions which weaken national effort. Let the same spirit which leads Canadians to enlist for active service, inspire those who serve on the home front.

Meanwhile, Life Insurance stands On Guard over the interests of Four Million policyholders and their beneficiaries. The record of Life Insurance in every previous national emergency commands the confidence of every Canadian.

LIFE INSURANCE
Guardian of Canadian Homes for over 100 Years

L-89X

Canada's Stake Abroad Looms Large

But Assets Near War Zone are Limited

U.S. and British Investments Found Heavy

What is Canada's stake abroad?

What investments in securities, plants, etc., have Canadian companies outside the Dominion? What is their position under present conditions?

A survey by The Financial Post reveals:

That western Europe (excepting the United Kingdom) has never been a popular outpost of Canadian business.

That the still neutral and far from likely battlefields, Scandinavia and Latin America, have attracted considerable Canadian investment.

That a relatively very small volume of Canadian investments abroad are likely to be seriously affected by actual warfare, though some have indeed been suffering in recent years because of general European conditions. Some foreign firms have, for some time, had difficulty with the export of funds, so actual war makes this problem little or no worse.

A recent study by the Dominion Bureau of Statistics on "The Canadian Balance of International Payments" gives some revealing figures as to the type and volume of Canadian enterprise abroad.

Total Rises

Canada's total investment in other countries at the end of 1937, latest figures available, was $1,758 millions or just about one quarter of the amount of foreign money invested in Canada. Investments abroad were about $700 millions greater than in 1934, the figures previously available on this point.

Distribution of Canada's foreign investments in 1937 was: in Great Britain, $41 millions, in United States, $1,098 millions, in all other countries, $619 millions.

In merchandising, 25 Canadian enterprises operated abroad with a total investment of $7,821,000. Of that amount, $1.6 million represented investment in the United States, $1.3 million in the United Kingdom and $4.8 millions in all other countries.

In manufacturing, a total of 60 Canadian companies operated abroad with a total investment abroad of $120,883,500. United States plants were valued at $87.8 millions, United Kingdom plants at $6.8 millions and plants in all other countries at $26.3 millions.

Mining and Oil

In mining and petroleum products, 32 Canadian parent companies operated abroad, foreign investments being valued at $125,436,000. Of that amount $26 millions was in the United States, none was in the United Kingdom and $99 millions in other countries.

In utilities, transportation and miscellaneous business enterprises, 12 Canadian companies were engaged abroad, their total investment being $256,587,900. Most of that amount was in the United States, $212 millions. In the United Kingdom there was only $5 millions and elsewhere $39 millions.

Effect of War

What is the effect of war on these various categories of foreign investment?

Canada's two loans totalling $30 millions to Greece and Roumania look like the first Canadian war casualties. Whatever the chances of repayment might have been they have virtually disappeared since war began. Neither country has paid a dollar on account since 1930. These are what remain of credits given these countries by Canada in the early post-war years when it was deemed essential to hasten European reconstruction.

Insurance Holdings

The $199 millions of foreign securities held in Canada by Canadian insurance companies for the time being are all right and the outlook is reasonably good.

Of the total insurance company assets outside of Canada, $583.9 millions were represented by securities and $17 millions by cash. For the most part these investments are marketable and can be moved from one country to another.

19 Companies

On latest figures, (1936) there were 19 life companies doing business abroad. They were the Canada Life, Confederation, Continental, Crown, Dominion, Dominion of Canada, T. Eaton, Equitable of Canada, Great West, Imperial, London, Manufacturers, Maritime, Monarch, Montreal, Mutual of Canada, North American, Northern and Sun. The assets abroad of Canadian fire and casualty companies are relatively small. Statistics of Canadian life insurance company investments abroad are shown in the following table:

Life Insurance Abroad	$ Millions
Assets outside Canada	646.2
Liabilities outside Canada	871.9
Brit. & foreign securities held	583.9
Brit. & foreign securities in Can.	174.6
Brit. & foreign secs. outside Can.	409.3
U.K. securities outside Canada	54.0
U.S. securities outside Canada	447.2
Central America secs. outside Can.	1.4
South America secs. outside Can.	21.3
West Indies securities outside Can.	2.8
Continent of Europe securities outside of Canada (France, Switzerland, Netherlands, Italy)	6.3
Australia	6.6
Other British possessions	27.9
Japan	13.1
China	1.8
Other Asia	1.2
Total other countries	82.7
Cash on Deposit	
Total	17.0
In United States	8.2
In United Kingdom	3.8
In other countries	5.0

Bank Assets

The $120 millions of net bank assets abroad appear to be, at least for the time being, reasonably safe and sound. These assets are held to a large extent against liabilities and fluctuate constantly. They represent external balances of the Canadian branches abroad as well as the assets connected with the business of the branches abroad. Many of them are of a short term character and are not comparable to investments abroad of industrial and other firms.

BANKS	$ Millions
Foreign Assets	
Gold and subsidiary coin held outside of Canada	5.6
Public securities other than Canadian	82.4
Government and bank notes other than Canadian	32.8
Due from banks in U.K.	27.0
Due from banks in countries other than United Kingdom	190.8
Call loans outside Canada	42.0
Current loans outside Canada	144.9
Foreign Liabilities	
Deposits in other countries*	385.9
Bals. due other banks in U.K.	13.1
Bals. due other banks outside Canada and United Kingdom	45.3

*Exclusive of $88.3 millions deposits in Canada in currencies other than Canadian and carried in the monthly bank statement under "Deposits Elsewhere than in Canada."

Canadian Plants Abroad

Following are available details about some of the Canadian plants and other direct investments abroad, with special reference to the $169.6 millions of direct investment abroad but outside of the United States and the United Kingdom.

Massey-Harris

Notable among Canadian public companies having plants abroad is Massey-Harris, the great farm implement organization with almost world-wide ramifications. During the last war, Massey-Harris found its German plant taken over by the Government and operated by the Government for the duration of the war. Following the war, Massey-Harris received reparation payments for losses incurred by the German control during the war years and got back its plant.

So far in this war, the German plant of Massey-Harris has not been interfered with by the German Government. A few key officials, non-German, were forced to leave the country and Germans now fill their places. For months it has been impossible to transfer any funds from the German subsidiary to home office in Toronto, so war merely postpones revival of these transfers.

Massey-Harris has one factory outside Berlin. At Lille in France it has another, fortunately still rather remote from the war zone.

Aluminium Ltd.

Aluminium Limited, the top holding company for mining, fabricating and hydro power plants, is another Canadian company with extensive properties in Europe. Its mines (for bauxite, the ore of aluminum) are in British Guiana, but it has smelters in Italy, Norway, Sweden and Canada. Its manufacturing plants are in those four countries plus Germany, Japan, Switzerland, Holland, England and China.

Ford Motor

Ford Motor Co. of Canada does most of its export business outside the Empire with the Dutch East Indies. A separate Ford company does business in Great Britain. Only subsidiaries of the Ford Company of Canada are in Australia, New Zealand, South Africa, India and Malaya, where assembly plants are in operation.

Inco

International Nickel Co. of Canada is excluded from the total foreign investments as listed by the Dominion Bureau of Statistics because it is not majority owned by Canadians and because a large part of its operations are elsewhere.

It is of interest, however, that in addition to its various plants in Canada, United States and Great Britain, Inco is now opening up and preparing for production next year a large copper-nickel mine in Finland, just a pleasant walk from the Russian border. This is the Kaulatunturi Mine where about $7.3 millions will be spent in development and plant construction before the end of 1939

It was originally expected that production would begin by the Autumn of 1940. International Nickel spokesmen say that work is progressing "as if nothing had happened."

Falconbridge

Falconbridge Nickel has a $4 millions plant in Norway which can refine about 8,000 tons of nickel annually; also a plant for the recovery of liquid sulphur dioxide.

Matte is shipped from Canada and travels the far north Atlantic route down past Iceland. Norwegian ships handle nearly all of it. Because of the route followed, little difficulty is anticipated from war on the seas and Norwegian shipping is regarded fairly immune from submarine threats. The company has always got its money in pounds sterling, so, for the time being at least, sees no cause for alarm.

International Pete

International Petroleum, subsidiary of Imperial Oil, has land, buildings, producing wells, pipelines, plant and equipment that cost nearly $116 millions in Peru and Colombia, South America; also bulk storage tanks and distributing stations in Chile.

B. A. Oil

British American Oil Co. has over 300 producing oil wells and owns or controls almost 89,000 acres of oil leases in the United States.

Barcelona Traction

Barcelona Traction, Light and Power Co., with electric light and gas utility systems in northern and eastern Spain, has just had the experience of war and perhaps isn't out of trouble yet. In Aug., 1936, all their properties were taken over by the "Workers' Committee." These were restored in March of 1939. It is interesting that despite the terrific bombing to which Barcelona was subjected during the war, Barcelona Traction got its properties back only slightly damaged.

Canadian Car

Canadian Car and Foundry Co. operates a military airplane factory in Mexico but the contract with the Mexican Government was on a cost plus basis and the company has no investment in that country. Following sabotage explosions at the plants of its U.S. subsidiary during the Great War, Canadian Car sought $6 millions damages. A court decision in June, 1939, established German liability for the damage but no cash settlement was made. Only half enough money from the Reparations Fund was on deposit at that time to pay outstanding U.S. claims.

Canadian Foreign Investment.

Canadian Foreign Investment Corp. is a holding company controlling Brazilian Portland Cement Co. which operates in Brazil from a plant at Sao Paulo. Canadian Foreign received $166,000 in dividends from the company in 1937 and owns $800,000 in 8% trust debentures and $360,000 in 10% debentures, both due 1949.

Distillers Corp.

Distillers Corporation-Seagrams, Ltd. owns several large U.S. plants, either directly or through subsidiaries, also a plant in Scotland. Hiram Walker-Gooderham and Worts, Ltd. has U.S. and Scottish plants.

Dosco

Dominion Steel and Coal Corp. has very important iron mines in Newfoundland and some shipping.

European Electric

The European Electric Corp., an investment and holding company with interests in electric power and light companies, is incorporated in Canada. But its head office is in Belgium and its activities apparently entirely outside Canada. Winding up of the company is now under consideration.

International Metal

International Metal Industries, Ltd. is a Canadian holding company controlling nine operating subsidiaries with 12 plants operating in Canada and United States. International Bronze Powders, Ltd. has one Canadian and two United States plants, with subsidiaries in Switzerland and Great Britain.

Noranda Mines has a 63% interest in a producing gold mine in Nicaragua.

George Weston, Ltd. has bakeries, etc in United States and in England.

Ontario Silknit

Ontario Silknit has plants in Sydney, Australia and in England.

Beatty Bros., makers of washing machines, etc., has wholesale warehouses in England, Scotland, Australia and New Zealand.

Ault and Wiborg, printing inks, lithographing plates, etc. has plants in South Africa and in the Philippine Islands.

Anglo-Norwegian Holdings Ltd. is a holding company controlling four Scandinavian whaling firms, operating chiefly in Antarctic waters.

Anglo-Canadian Telephone Co. operates outside Canada in the Philippines and in the Dominican Republic.

Mexican Light and Power provides services to Mexico City and environs. Mexico Tramways has its service there also.

Brazilian Traction gives light, power, telephones, trams, busses, and water services for the cities of Rio de Janeiro, Sao Paulo and Santos.

Jamaica Public Service, Ltd. controls a utility company in Jamaica.

War Building Aid Is Offered

National Construction Council Submits Plan to Ottawa

Seeking to aid in avoiding the waste, high costs and inefficiency associated with much emergency military construction during the last war, the National Construction Council has offered to the Dominion Government the combined services of its 14 component groups in the construction industry.

A definite plan designed to place the experience and facilities of all branches of the industry at the disposal of military and other government authorities has been submitted by the Council to Ottawa officials concerned. In essence, it provides for use of established civilian building groups to supplement the operations of the staffs of the Department of National Defense and War Purchasing Board.

Stated objective of the Council is to ensure the economical efficiency of the large volume of emergency construction, such as barracks, camps, storage depots, sanitary works, etc., required by Canada's participation in the war. Qualified expert services in the design, contract award, actual construction, and supervision phases of building would be made available through the plan to relieve the increased burden on military engineering services.

Seek Best Results

The Council believes that its proposal would not only provide the Government with expert services otherwise not available, but would assure best results in emergency construction in regard to cost, time of construction, and soundness of works produced. While proposing that contracts be let by tender in the ordinary manner where possible, the plan provides for emergency award of contracts when necessary.

The plan calls for measures to prevent profiteering, including control over material prices and wage levels in various localities.

Membership of the council includes not only the principal organizations in the contracting, manufacturing and distribution divisions of the construction industry, but also representatives of the architects, engineers and organized labor.

Have Conscription Already If Old Act Enforced, Claim

Political leaders of both sides have said that we shall not have conscription in Canada. They have assured the electorate of this over and over again in the 21 years since the last war, during the last year of which Canada did have a conscription act. The moment war was declared this month politicians rushed into print proclaiming "no conscription."

The reiteration of this statement by politicians has been astute. When a war ceases, we lay aside the sword with alacrity and become loud exponents of peace. But Canadians have participated in wars on an average of every 19 or 20 years ever since the British conquest of New France, either internally or externally.

And so, in the best political tradition, our politicians are again busy assuring the electorate that there would not be any conscription, at least immediately. Many of their constituents expect them to say that. But either these politicians are gulling the electorate or are unaware themselves of a piece of legislation which has been on the statute books for many years.

Law Since 1904

This measure, "An Act Respecting the Militia and Defence of Canada," Chapter 132, Revised Statutes of Canada, 1927, has been law since 1904. It is still in force with certain modifications made effective in 1922 by the Department of National Defence Act.

According to the provisions of this act, Canada does not need a conscription measure. In that act Canada actually has a sweeping conscription act. Has Canada been deluded for years by her politicians?

Why was conscription the main issue of the Dominion election, December, 1917? Why was a conscription act solemnly passed by the Canadian House of Commons?

The answer is simple. Canadian politicians dare not enact a conscription bill. They probably feel they dare not make effective the provisions of the Militia Act without reference to the electorate. In 1917, the electorate agreed by a tremendous majority that conscription was a necessity.

But such legislation was necessary neither then nor at the present time. The sweeping act calling up men for service was then and still is on the statutes.

In the Militia Act under the subheading, "liability to military service," section 8 says:

> "All the male inhabitants of Canada, of the age of 18 years and upwards, and under 60, not exempt or disqualified by law, and being British subjects, shall be liable to service in the Militia: Provided that the Governor-General may require all male inhabitants of Canada capable of bearing arms, to serve in the case of a levee en masse."

Many Exemptions

The exemptions are privy councillors, judges, provincial executive councillors, federal and provincial deputy ministers, clergy, employed telegraph clerks, revenue officers and clerks regularly employed, wardens and officials of all public prisons and lunatic asylums, members of the Naval Militia, regularly employed policemen and firemen in incorporated towns and villages, professors in colleges and universities and teachers in religious orders, persons disabled, bodily or mentally, the only son of a widow, pilots and apprentice pilots during the navigation season and conscientious objectors.

The male population liable to serve in the militia under the act is divided into four classes according to Section 13.

The first class comprises all of 18 years and under 30 years, who are unmarried or widowers without children.

The second class includes all between 30 and under 45, unmarried or widowers without children.

The third class comprises all between 18 and 45 who are married or widowers with children.

The fourth class takes in all those between 45 and under 60 years.

These classes, according to subsection 2 of section 13, may be called upon to serve in the order referred to.

For Any Service

And what is the liability of this militia for duty? The act says (Section 63):

> "The Militia or any part thereof, or any officers or man thereof, may be called out for any military purpose other than drill or training at such times and in such manner as is prescribed. R.S., c.41, s. 68."

And Section 64 says:

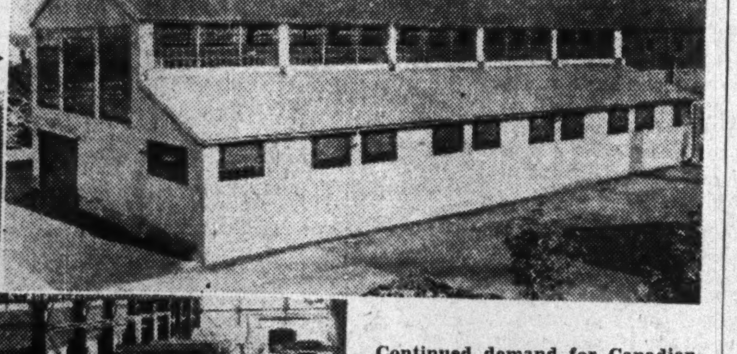
> "The Governor-in-Council may place the Militia, or any part thereof, on active service anywhere in Canada, and also beyond Canada, for the defence thereof at any time when it appears advisable to do so by reason of emergency. R.S. c. 41, s. 69."

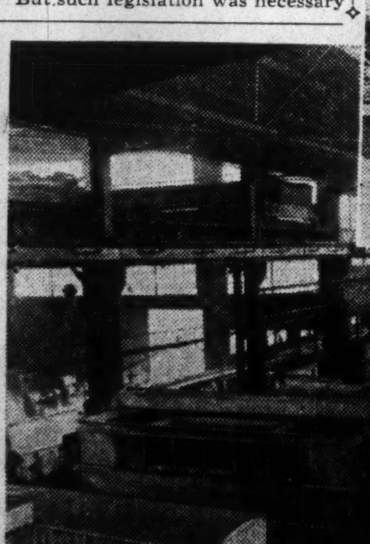
Parliament could thus call up as many men as necessary for any emergency to serve either inside or outside the Dominion.

Comparing the method of recruiting now being used with the method in the provisions of the Militia Act, it is evident that the present system has serious defects.

Under the Militia Act, the calling up of men for service in the first two of the four age classes named excluded married men and widowers with children.

Today active service units are taking in married men with as many as two children, thus putting a premium upon the services of such men, building up a large pay and pension bill, and with very disturbing results to industry, including industries engaged in the production of vital war supplies.





Continued demand for Canadian-made tinplate has made necessary additions to the mill of Dominion Foundries & Steel, Ltd., Hamilton. Already completed are the additions to the annealing department as illustrated above which shows the building itself and an interior view of the gas and electric annealing furnaces now installed. A further extension to the cold reducing strip mill is now under way at a cost of around $500,000.

LEVY BROS.
Announce
A COMPLETE SHOWING OF
NEW FALL MATERIALS
FOR
SUITS and OVERCOATS

Like the intimacy between two good friends is the relationship between fine tailoring and smart fabrics. Who can analyze either one? In clothes, it is perhaps wiser to admire the result and call it Style! When a suit or overcoat has a combination of LEVY BROS. skillful tailoring and carefully selected fabrics, the result is attired perfection.

See the complete and varied selection.

Come in and make your Choice.

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The Royal Stetson

For men who prize
the assurance that comes
with perfect grooming!

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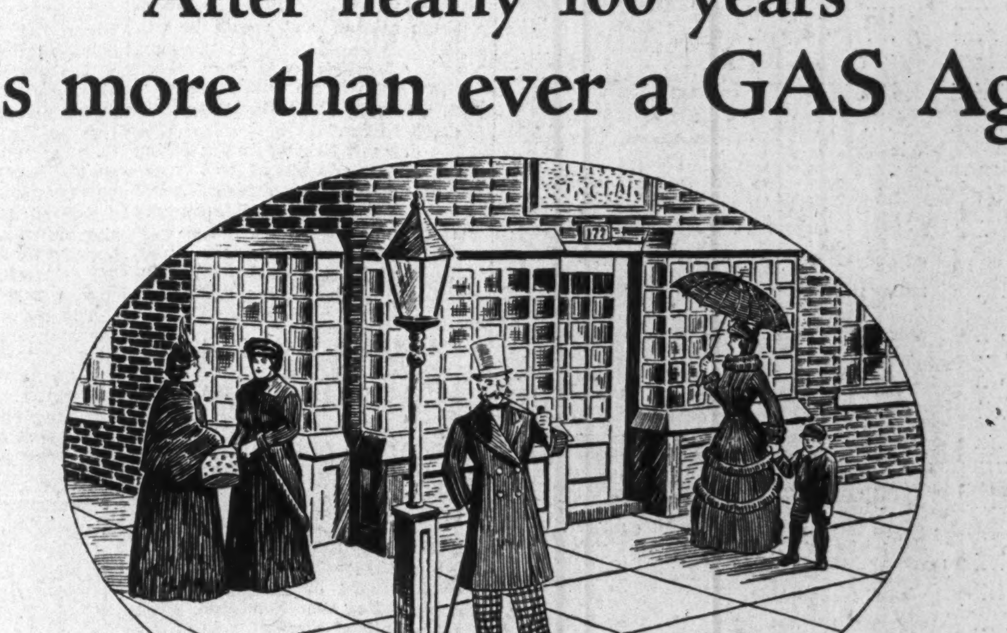
JOHN B. STETSON COMPANY (CANADA) LIMITED, BROCKVILLE, ONTARIO

After nearly 100 years
It's more than ever a GAS Age



WHEN Union Gas Company of Canada first commenced its service of *Natural Gas* in South-Western Ontario nearly 35 years ago, this GAS began to assume vital importance in the life of this richly endowed territory. It was the beginning of The Natural Gas Age in this district. Several of the companies which go to make up the Union Gas Company had prior to that time served manufactured gas to the public and have been in the public service for nearly 100 years.

95,000 GAS USERS
Today some 60,000 consumers are using the Natural Gas service of the Union Gas Company for cooking, heating, refrigerating and domestic water heating, as well as industrial uses either directly from the Union Gas Company or through its wholly-owned subsidiary companies, Windsor Gas Co., and City Gas Company of London. A further 35,000 consumers are served by the associated Companies with Natural and Manufactured Gas.

NATURAL GAS SUPPLY
To achieve this certainty of uninterrupted service Union Gas Company maintains and operates more than 400 natural gas wells in South-Western Ontario. It engages in constant exploration to discover new sources of natural gas supply, adopting measures of conservation and building up reserves.

2,000 MILES OF PIPELINE
Through this large mileage of pipe lines ranging from 3" to 16" in diameter hermetically sealed and under constant inspection, stretching across the country, these Companies distribute this all important product throughout South-Western Ontario.

GAS IS BEST
The Union Gas Company's service has developed with the province and the progressive district it serves—the richest and most populous in Canada. Gas, as supplied by this company, whether from the natural or manufactured sources of supply, stands today the most economical, efficient and convenient of fuels, as well as the cleanest and safest.

And at the same time the mechanical improvements which facilitate the use of Gas, whether in home or factory, have kept pace with modern science.

Gas, which has made such an important contribution to Ontario's life and industry, will continue to do so in increasing volume.

UNION GAS COMPANY OF CANADA, LIMITED
CHATHAM, ONTARIO

GAS THE IDEAL FUEL

Subsidiary Companies
The Windsor Gas Co. Limited, Windsor
City Gas Company of London, London

Associated Companies
United Gas and Fuel Co. of Hamilton, Limited
The United Suburban Gas Co. Limited
The Wentworth Gas Co., Limited, Hamilton, Ont.

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Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

United Steel

As subscribers to The Post we would appreciate information on United Steel Corp.

It is understood that operations of United Steel Corp. for most of this year have been about on a par with the corresponding periods of 1938. For all of last year the company reported net profits equivalent to $4.40 a share on its class A preferred stock, compared with $5.78 a share in 1937.

Payment of remaining arrears of dividends of Standard Steel Construction Co., a subsidiary of United Steel, makes it possible for that company to start payment of dividends on its common stock as soon as earnings justify. All of this common is held by United Steel. Thus, assuming that conditions continue to improve, it would seem that United Steel Corp. is working toward an improved position.

United Steel Corp. itself makes a varied line of steel products, which go into industry, mining and construction. It is thought that the plant would be suitable for the manufacture of war materials although no definite word is available as to the possibility of obtaining and carrying out this type of business. For the past two years United Steel has been paying regular $1.50 a share dividends on its class A preferred.

Burlington Steel

I read your comment with great interest and would like your opinion of Burlington Steel.

Burlington Steel Co. stock was quoted at $14 a share on Sept. 23 in Toronto. At this price the yield on the current dividend of 60c. a share is about 4¾%. On this basis, much higher prices for the stock would hardly be justified without the immediate likelihood of higher returns to investors. In 1938 the company earned 65c. a share on its common stock against $1.45 in 1937 and 40c. in 1936. The present 60c. share annual dividend was established with the payment made Oct. 1, 1937. Prior to that payments had been irregular.

The company's financial position appears quite adequate, based on the balance sheet as of Dec. 31, 1938. Operations for the first half of 1939 showed that business was down about 10% from a year ago. The company's major product is reinforcing steel for the construction industry, outlook for which is difficult to estimate at the present but it is quite likely that new projects, except as required to supply wartime needs, may be limited. On the precedent of the last war, however, there may be room for a considerable expansion of Canada's industrial plants to satisfy newer demands. During the last war, the Burlington Steel Co. was active in the manufacture of munitions.

Hiram Walker

Would you kindly advise me what the outlook is for Hiram Walker-Gooderham & Worts Ltd.?

Hiram Walker - Gooderham & Worts Ltd. has established its position as one of the four leading liquor concerns in the United States. It is estimated that not more than 10% to 15% of the company's business is actually done in Canada. For this reason, the substantially higher taxes placed on liquor in the last budget, which will probably reduce sales of alcoholic beverages in Canada, would have only a small effect on the company's earnings. On the other hand, Hiram Walker has heavy investments in Scotland, having recently completed a new distillery at Dunbarton. So far, regular operations have been continued and the company has received no word of any likely change. It is sometimes suggested that the British Government may desire concerns such as Hiram Walker which make a product largely for export to the United States to continue in operation. The foreign exchange provided by the sale of their exports to the United States might aid in giving Britain valuable resources.

Company officials told The Financial Post recently that its plants would be available to supply any wartime demand for alcohol, which is an important material used in the manufacture of many types of explosives. This would apply both to plants in Canada and in Scotland.

Indications are that earnings for the year ending Aug. 31, 1939, will not reach last year's level of $8.04 a share on the common. Final results should still be well above the $4 a share annual dividend.

Outlook for liquor companies in the United States appears to be for increased competition and a more stable scale of operations than has been the case in the early years following the repeal of prohibition in 1933. The rate of growth shown in the early 1930's can hardly be maintained. On the other hand, there is no indication that Hiram Walker will not be able to maintain its position and earn sufficient to cover the current dividends for some time to come. While the outlook for higher earnings may not be quite as good as in some other companies, it would also be difficult to duplicate the yield on this stock in other securities showing a comparable earnings power and financial position.

Ontario Steel

To what do you ascribe the jump in the price of Ontario Steel stock? Is this due to war prospects or the possibility of dividends?

Following the initial spurt in price of Ontario Steel Products Co. common stock at the outbreak of war, activity seems to have slowed down and the price has declined somewhat. Prices are still well above the 1939 low of $6 a share. We would suggest that the price change in this stock is part of the immediate investor interest in shares of companies making steel products and tools, such as Ontario Steel Products does.

We have no definite information that this company has obtained orders for war materials, but would imagine that its plant would be adaptable for such uses.

As for a dividend, it would appear rather unlikely that a further payment on the common will be made right away. On Aug. 4, 1939, 60 cents a share was paid. Earnings for the year ended June 30, 1939, were 76 cents a share. This is the second dividend payment on the common since 1931, 50 cents having been paid a year earlier, when earnings were $1.37 a share on the common. The company's financial position is strong, with cash alone more than four times the total current liabilities. It would thus be able to make some return to shareholders, so long as earnings keep at least around levels prevailing for the past few years.

Municipal Bankers

We would be pleased to receive the latest information you have on Municipal Bankers.

There has been relatively little change in the position of Municipal Bankers Corp. (1931) recently. On March 16, 1939, the company paid 1% on its income bonds, but the September payment was not forthcoming.

There appears to be no reason to believe that any marked improvement will occur in the near future, but it is believed that as war progresses, operating results will become more satisfactory. Values of properties are expected by the company to be enhanced.

The organization holds second mortgages on property in Toronto, as well as owning a number of properties. At the present time, book assets are valued at approximately $1.3 million, and outstanding bonds have a par value of $1.7 million. This latter figure has been reduced from the original issued amount of $2.4 millions. There is no active market for the bonds.

Inter. Petroleum

How do you regard the outlook for International Petroleum Co. now that war is being waged?

Operations of International Petroleum Co. in the past 12 or 15 months have not shown profits quite as high as in the preceding period when $1.96 a share was earned on the common stock. The outlook, however, has been changed by the outbreak of war. Indications have already been noted that prices of petroleum products will be firmer because of a growing demand from nations at war. Lower prices were the chief reason that earnings, in the first part of the current period, were not as satisfactory as had been hoped for earlier as actual production of crude oil continued very close to previous levels.

Output of International Petroleum will be increased this fall by the opening of new oil fields in which the company holds a substantial interest. Petroleum products are regarded as essential to prosecute a modern war and it is thought that International Petroleum's fields in South America would remain accessible under most circumstances.

To Sell Bonds Of New Bridge

Niagara Falls Commission Asks Tenders on $3.6 Millions

The Niagara Falls Bridge Commission called for proposals for purchasing $3,620,000 of bonds, to be dated Oct. 1, 1938, maturing Oct. 1, 1969, but received no bids on the date for tenders, Sept. 26. It is reported that other financing methods will be investigated.

Proceeds of the issue will be used to purchase approaches, necessary lands, etc., and pay the cost of constructing a bridge between Niagara Falls, Ont. and Niagara Falls, N.Y. The bridge will span the Niagara River where the famous "Honeymoon Bridge" stood, before it was wrecked by an ice jam in 1938. The new bridge is being built jointly by the Province of Ontario and New York State. The old bridge was owned by the International Railway Co.

Bond Redeemable

Bonds are to be redeemable on any interest payment date after April 1, 1941, as follows: To April 1, 1946, 105% of principal amount; to April 1, 1951, 104%; to April 1, 1956, 103%; to April 1, 1961, 102%; to April 1, 1966, 101%; after April 1, 1966, at par.

The issue will constitute a charge on tolls, but will not be guaranteed by the Ontario or New York Governments. A sinking fund is to be established.

A special act of Congress was enacted to permit erection of the structure. The Ontario Government granted extra-provincial incorporation, along with special privileges pertaining to purchase of necessary land. It was also necessary to obtain approval of the Dominion authority.

Ontario representatives on the Commission are: Hon. T. B. McQuesten, Minister of Highways in the Ontario Cabinet; C. Ellison Kaumeyer, Ross Harstone, and Archie Haines, member from Lincoln.

McColl-Frontenac Oil Capital Change Final

From Our Own Correspondent

MONTREAL.—Supplementary letters patent have been taken out by McColl-Frontenac Oil Co. reducing the paid-up capital from $19,655,230 to $17,354,564.

Reduction was effected by writing off $2,043,260 which is not represented by available assets, by writing off $135,206 representing the cost of 12,237 common shares furnished for sale to employees and by writing off $122,200 representing 1,222 preferred shares purchased for redemption.

Britain Releases Wool to Canada

Will be Used for Uniforms and Other War Purposes

From Our Own Correspondent

MONTREAL.—Arrangements have been completed by the Canadian Government for a supply of raw material for the Canadian woollen industry.

The Wartime Prices and Trade Board has announced that 750,000 lb. of wool, clean basis, has been released for export from Great Britain to Canada. The wool is to be used entirely for the manufacture of uniforms and other military purposes. It will only fill the immediate and near future needs of the industry.

This solves, temporarily, the shortage of supplies facing the Canadian woollen industry. Under normal conditions Canada secures a large portion of its supplies from Great Britain, Australia and New Zealand. British and Australian stocks of wool have been bought by the British Government, and arrangements are virtually complete for purchase of New Zealand stocks.

Canada produces a minor proportion of its domestic needs and exports a portion.

Keener demand is expected for Canadian wool and in an effort to step up production in 1940, breeders are being urged to retain their female breeding stock this autumn. It has been the custom in the past to market this stock for slaughter.

Company Reports

Federal Grain

Federal Grain Ltd. financial statement for the year ended July 31, 1939, shows an appreciable improvement over the results obtained in the preceding year. Operating revenue totalled $355,894, against $150,430 for the 1938 fiscal year. The company wrote off $170,740 for depreciation, whereas the year before no provision was made for this charge. After providing for bond interest, loss on buildings, etc., there was a deficit for the year of $25,076, against $71,295 the year before.

During the past year the company retired $150,000 of first mortgage bonds, bringing the funded debt down to $3,104,000. The bond redemption reserve shows a moderate improvement at $126,831. During the year expenditures on capital account totalled $135,091, bringing the value of properties, before depreciation, to $8,348,099. A new item among the assets this year is wheat purchased for account of Canadian Wheat Board, which is carried on the books at $436,580.

Comparative figures of the profit and loss account follow:

Income and Surplus Account
Years Ended July 31

	1939 $	1938 $
Oper. revenue	355,894	150,430
Less: Depreciation	170,740	......
Salaries, etc.	48,388	43,003
Add: Invest. income	47,746	23,438
Net earnings	184,712	130,865
Less: Bond interest	• 186,240	199,306
Interest premium	1,600	......
Directors' fees	1,500	1,500
Deficit	4,628	69,941
Add: Organ. exp. w/o	5,000	......
Loss on el., etc.	15,448	1,354
Loss for year	25,076	71,295
Prevoius surplus	320,141	391,437
Surplus forward	295,065	320,142

Working Capital

	1939 $	1938 $
Current assets	1,540,244	1,668,223
Current liabilities	399,485	447,435
Working capital	1,140,759	1,220,788

Humberstone Shoe

Net profit of $14,481 is reported by Humberstone Shoe Co. for the year ended July 31, 1939, compared with $27,273 in the preceding year. This is equivalent to earnings on the common shares of 72 cents and $1.36, respectively. Dividends of $1 were paid in the 1939 fiscal year, against $2 in the previous year.

Balance Sheet Items
As at July 31

	1939 $	1938 $
Cash	67,546	150
Accts. rec. less res.	141,546	151,980
Inventories	322,084	373,815
Bank advs. (sec.)	......	11,360
Accts. & bills pay.	87,538	60,562

Income and Surplus Account
Years Ended July 31

	1939 $	1938 $
Oper. profit	31,084	55,897
Less: Depreciation	11,356	10,486
Interest	......	10,253
Ins. prems.	1,074	920
Net earnings	18,654	34,238
Add: Int. rec.	986	......
Less: Inc. tax	5,159	6,965
Net profit	14,481	27,273
Less: Com. divds.	20,000	40,000
Loss for year	5,519	12,727
Add: Trans. cap. surp.	......	49,912
Less: Prev. surplus	208,150	270,789
Surplus forward	202,631	208,150
Earnings per Share:		
Com.: Earned	$0.72	$1.36
Paid	1.00	2.00
Shs. outstand. at July 31:		
Common, n.p.v.	20,000	20,000

Working Capital

	1939 $	1938 $
Current assets	543,118	536,966
Current liabilities	103,322	97,255
Working capital	439,796	439,711

Wings Ltd.

Wings Ltd. was able to reduce operating costs per hour but not to the extent necessary to compensate for the drop in revenues last year. The result is an operating loss of $5,769 compared with a profit of $913 in the year ended May 31, 1938. During the year ended May 31, 1939, the company's aircraft flew 6,155.55 hours compared with 5,379.0 hours in the preceding year.

At May 31, 1939, Wings Ltd. owned ten aircraft and "all except such as were at that time undergoing overhaul were well maintained and in a good state of repair."

Consol. Income and Surplus Account
Years Ended May 31

	1939 $	1938 $
Gross oper. revenue	207,428	214,461
Less: Expenses*	213,197	213,547
Operating loss	5,769	†913
Add: Depreciation	18,254	24,527
Overhauling equip.	1,290	6,247
Net oper. loss	25,313	29,861
Less: Int. & other inc.	1,351	2,582
Net loss	23,962	27,278
Less: Prev. surplus	30,532	57,810
Earned surplus fwd.	6,570	30,532
*Includes:		
Executive salaries	14,400	18,650
Solicitors' fees	917	1,261

†Profit.

Working Capital

	1939 $	1938 $
Current assets	104,206	120,158
Current liabilities	30,110	21,429
Working capital	74,096	98,729

Western Grain

Volume of grain handled by the elevators of Western Grain Co. in the year ended July 31 was satisfactory in view of the relatively small crop harvested in Saskatchewan, but rapidity with which wheat was moved to eastern positions and later to interior government terminals, reduced the company's storage earnings from this source below the estimated figure, C. G. Spencer, president, states in the annual report.

The present wheat crop is turning out much better than expected, with the exception of that in southeastern Saskatchewan and yields in general are good in the territory in which the company's elevators are located. Consequently Mr. Spencer expects that the company will handle more grain than in the past few years.

The company was able to reduce its loss somewhat in the year under review

Balance Sheet Items
As at July 31

	1939 $	1938 $
Cash	137,333	506,617
Inventories	441,498	38,067
Accts. pay., etc.	45,308	61,381
Cash tickets, etc.	31,902	74,781
Accr. bond int. not paid	421,600	258,400

Cons. Income and Surplus Account
Years Ended July 31

	1939 $	1938 $
Oper. earnings	38,626	*131,699
Add: Divds. on inv.	20,062	13,917
Less: Dir's. fees	800	825
Exec. sals. & fees	22,557	22,830
Net earnings	35,331	*141,437
Less: Bond int. not paid	163,200	163,200
Depreciation	115,466	116,229
Net loss	243,335	420,866
Add: Prev. deficit	615,679	173,832
Loss re disp. of fixed assets	29,455	20,981
Deficit forward	888,469	615,679

*Loss or deficit.

Working Capital

	1939 $	1938 $
Current assets	602,441	603,151
Current liabilities	566,353	370,020
Working capital	36,088	233,131

Donation Appeals Increased By War

Close Check Advised By Better Business Bureau

Added to the general confusion and harassment of business by war's outbreak, has been mushroom growth in recent weeks of organizations soliciting public donations. Appeals variously seek cash subscriptions, purchase of tickets or buying of "advertising." At the same time groups existing prior to start of the war have intensified their efforts.

While recognizing that some organizations function for legitimate purposes and obtain funds by proper methods, better business bureaus and similar bodies are urging businessmen to check closely all appeals ostensibly based on war activity. The Toronto Better Business Bureau, for instance, points out in a recent bulletin that:

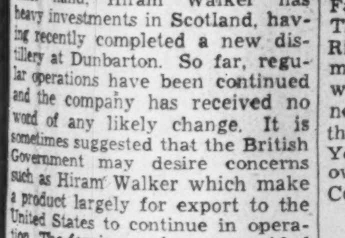
"It is especially important at this time, when the whole country is marshalling its forces in a nation-wide effort, to devote our time and money to causes which we know to be legitimate."

The Bureau reports that numerous new organizations seeking funds sprung up since declaration of war, that some organizations are selling entertainment tickets over the telephone, and there has been increased activity by canvassers selling advertising or subscriptons for veteran publications. The Bureau emphasizes that it disapproves of use of the telephone for such purposes and urges that all facts be available before donations are made.

New Transfer Agent

From Our Own Correspondent

MONTREAL. — Agnew - Surpass Shoe Stores Ltd. has advised the Montreal Stock Exchange that effective Oct. 1, the National Trust Co., Montreal and Toronto, will act as both transfer agent and registrar of the company's preferred and common shares.



A Home that Savings Built

Savings are not just money . . . they are houses, farms, travel, enjoyment of life. Money is only the means to an end. The owner of this home used the facilities of the Canada Permanent to accumulate the money with which to build, and his savings paid for it over a period of time. Thousands are doing the same. Canada Permanent is ready to help you also to SAVE and BUILD. Its faith in the future of Canada has remained unswerving since 1855.

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Mortgage Corporation
Head Office, 320 Bay St., Toronto
ASSETS EXCEED $69,000,000

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED
5-YEAR DEBENTURES ISSUED
Deposits and Debentures (31 Dec., 1938), $11,074,577
Capital (Fully Paid), $2,000,000
Reserve Fund, $2,400,000

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Frequently it is desirable that your wife, a relative, or a friend be associated with a Corporate Executor in the management of your Estate. Appoint us Co-Executor so that you may have an experienced guardian of that trust.

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ROYAL TRUST
COMPANY

1913

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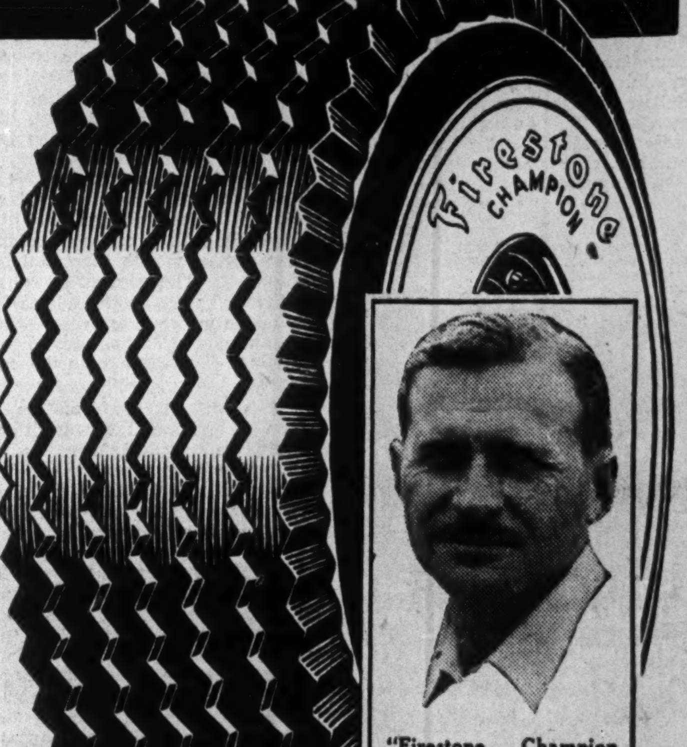
COMPARE
Firestone
CHAMPION TIRES
FOR Value! Safety! Price!

TIRE	SAFETY-LOCK CORD BODY	GUM-DIPPING	2 Extra Cord Plies Under the Tread	GEAR-GRIP TREAD	Speedway-Proved for Highway Safety
Firestone CHAMPION	✓	✓	✓	✓	✓
ANY OTHER TIRE					

PROTECT your life and the lives of your family by equipping your car with a set of new Firestone Champion Tires. Compare this amazing tire with any other tire on the market in safety, in value, in price! Then you'll know why car owners everywhere acclaim it the sensation of 1939—especially when they do not cost one cent more than ordinary tires. Only in the new Firestone Champion Tire do you get all these exclusive construction features. . .

- ✓ SAFETY-LOCK CORD BODY is 35% stronger—extra strength means extra safety. *An exclusive Firestone safety feature.*
- ✓ NEW GUM-DIPPING PROCESS counteracts internal friction and heat and guards against blowouts. *Another exclusive Firestone safety feature.*
- ✓ 2 EXTRA CORD PLIES under the tread give greater protection against punctures and makes the tire safe at any speed. *Another Firestone exclusive safety feature.*
- ✓ GEAR-GRIP TREAD has thousands of sharp-edge angles for quick, safe stops. *Another exclusive Firestone safety feature.*
- ✓ PROVED ON THE SPEEDWAY—for 20 consecutive years Firestone Tires have been on the winning cars in the annual 500-mile Indianapolis Race. *Another exclusive Firestone safety feature.*

These smart, new, streamlined Champion Tires will give your car an entirely new appearance. Have the nearest Firestone Dealer put on a set today.



"Firestone Champion Tires are the best I have ever driven," says Wilbur Shaw, winner of the Indianapolis Speedway Race in 1937 and 1939.

New Champion Leakproof Tubes

Because air seepage is eliminated by a special lining that seals the inner surface, these tubes are always up to proper pressure, and as a result, you get up to 25% more tire mileage.

SAME COST AS FOR ORDINARY TUBES

THE ONLY TIRES MADE THAT ARE SAFETY-PROVED ON THE SPEEDWAY FOR YOUR PROTECTION ON THE HIGHWAY

Change To War Badly Upsets Farm Economy

Weakness of Pound and Shipping Restrictions Threaten Key Lines

BACON, CHEESE, APPLES

From Our Own Correspondent

OTTAWA.—Before beginning the wartime planning of Canadian agriculture, the Government is awaiting a reply to enquiries addressed to the British Government. Ottawa has requested London to say what Great Britain requires in the way of food supplies.

But pending London's reply, a variety of unexpected and difficult problems have arisen which are demanding Ottawa's closest attention. There will be, and in the immediate future, large scale intervention by the Dominion to prevent wastage of existing crops and any sacrifice of potential productive power.

Pegged Prices Weakened Pound

At the outbreak of the war, the British Government pegged prices. Subsequently the pound slumped severely in value, thus creating a critical situation in many Canadian export lines. Still later, the British Government placed apples on the luxury list, thereby closing a market which had been relied upon to absorb several millions of barrels of this year's Canadian crop.

The apple situation is being dealt with by the Agricultural Supplies Committee in consultation with the industry. The Canadian crop runs to 5½ million barrels and the home market, normally, would require less than one half of the crop. The action of the British Government has, therefore, produced an immediate crisis in the industry.

To Help Apple Growers

It is the intention of the Government to preserve some two million barrels of apples by canning or dehydrating them. This will be done at the expense of the Government and the intention is to sell the preserved product to the British Government later on when shipping facilities are available. Practically all the canning and dehydrating will be done in Nova Scotia, leaving the British Columbia and Ontario apples a clear run on the Canadian market. The plant required to do this work is said to be in existence and available to begin at once.

Cheese Prices Slump

The cheese market has been thrown into confusion by reason of the drop in the pound. Canada is a large exporter of cheese to the British market and the export price controls the local price. Unless the Government intervenes the domestic price may fall so far below the cost of production that milk will be diverted to other uses. The Government is aware of the danger of allowing war conditions to interfere with the normal marketing of cheese, but as yet no decision has been made.

The hog industry also is giving Ottawa concern. Some 15% of Canadian bacon is exported to the United Kingdom. Price falls, due to the drop in sterling, coupled with a rise in the price of grain might lead to farmers selling their grain and slaughtering their hogs. The Agricultural Supplies Committee is tackling this problem with a view to maintaining hog production. Britain, it is believed, will require all the bacon that Canada can supply later on.

Extent of Strike Trouble Is Increased in Canada

Eleven strikes of coal miners in Nova Scotia during August intensified the impact of labor trouble on Canadian industry during the month. Though the number of strikes was less than in the previous month or in August, 1938, there were increases shown in both the number of strikers and the time loss. Comparative figures follow:

	—August— 1939	—August— 1938	July 1939
No. of strikes	18	22	9
No. workers involved	15,031	2,375	4,170
Time loss*	42,110	12,745	14,960

*Man-working days.

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Head Office: Wawanesa, Man.
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TORONTO

Insurance

Prospects Of Inflation Factor In Life Sales

More Insurance Needed as Cost of Living Rises—Members of Active Service Forces Take Advantage of Present Good Health

Contrary to expectations in some quarters, the war is tending to increase rather than decrease public interest in life insurance. Both among men and women joining the active service forces, and those who for age or other reasons are likely to continue in civilian life, the whole problem of life insurance is being studied more carefully.

In the first place, the trend toward higher prices and the inflationary elements, generally present under war conditions, are causing many men to ask themselves if they are carrying enough life insurance.

Higher Cost of Living

With the experience of the last war in mind, they realize that the cost of living is likely to advance substantially in the coming months. This will mean that in order to protect their families against hardship in event of their death, they would have to have more insurance. The cost of living index rose almost 80% between 1914 and 1920. Hence the man who has been satisfied with carrying $30,000 insurance is feeling now that he ought to have more, to ensure his family the same standard of living he had calculated they would have from the $30,000.

A leading life underwriter states that he has found war clauses an insuperable objection only in a few cases. Those who have no intention of going out of the country are not affected, of course.

Those who are already in the army or navy or who are thinking of enlisting, are ready to pay a little more for the protection for their families. They realize that if insurance is desirable in times of peace, when they are likely to die in their beds, of sickness or old age, it is far more desirable when they expose themselves to the risks of war. As the war premium does not have to be paid until they leave Canada, it shortens the time it would have to be paid. If they are killed or die while on active service, every $1,000 of insurance would be a welcome addition to the financial resources of their family.

May Become Uninsurable

Then some are studying the possibility they may return home after three or four years war service, uninsurable as a result of wounds or sickness. From conversations with veterans of the last war, they know that sleeping in wet clothes, and exposure to all sorts of weather, can bring on many troubles such as rheumatic fever, which, while not necessarily fatal, may prevent a man ever getting insurance again. As a precaution against this, they feel that they want to have as much insurance as they can afford, before they cross the Atlantic, especially as their present good health makes it easy for them to pass the doctor.

Apart from those already in the active service forces, or likely to be soon, many others are showing a more receptive attitude.

One thing that has encouraged this has been the expectation that economic activity will be increased. The feeling is growing that within a few months every employable person will be assured of a job either in the army or in civil life. This gives confidence to many who have been afraid to spend the money for extra life insurance.

Then, too, more women are finding employment in different capacities and these have been found by underwriters to be better prospects. They feel that life insurance provides a plan for them to save money systematically, while giving them some assets to leave their family in the meantime if they should die.

Proxy Battle Is Proceeding

Mount Royal Hotel Committee Sends Out Further Letter

From Our Own Correspondent

MONTREAL.—A further letter urging shareholders to send in their proxies has been sent out by the Shareholders Protective Committee of the Mount Royal Hotel Co.

Shareholders have also received a letter from Gordon Thorley, president of Century Bond and Management Co., Toronto., urging support for the committee. Mr. Thorley was associated with the late W. A. Mackenzie, original distributor of the shares.

It states that recent letters sent out by the present management of the Mount Royal Hotel indicate that the formation and activities of the committee have resulted in a belated recognition by the management of the perils that confront the company and of the need of instant action to protect the interest of shareholders.

The committee denies the charge of "lack of co-operation" made by the management. In this connection it states: "What this refers to is not clear to us. As is apparent from the communications issued by the management, it has evolved no plan for the reorganization of the company, and, failing such a plan, we do not know how we could have co-operated with the management unless it be that our co-operation should, in the view of the management, have been given to the efforts of the present board to retain complete control of the affairs of your company."

The committee disagrees with the view of the management that criticism of the policies of the association of the company with other hotels is unfounded. "The committee considers that it has good grounds for the conclusion which it has reached that such an association has proved to be a distinct disadvantage to the company."

Committee Has Information

The letter states the committee is tempted to submit information and data which it has accumulated which would conclusively refute the claims of the management. It does not consider, however, that adoption of such a course would be in the best interests of shareholders at present. The letter suggests the committee may later find it expedient, in the interests of shareholders, to adopt these tactics.

As regards the purported reorganization of the board announced by the present administration the committee claims this does not represent or forecast any real change in control and policies.

Preferred and common shareholders of the company were recently informed that J. A. Raymond has resigned from the presidency of the company and has been replaced by A. L. Caron. In addition, John Leslie has resigned as a director, and J. A. Raymond, P. A. Thomson and Hugh Mackay have tendered their resignations as directors, same to become effective at the pleasure of the board. A. L. Caron has been appointed a director in succession to John Leslie.

New Chrysler Models Priced at 1939 Levels

Though various improvements and refinements have been made in the 1940 models of Plymouth and Dodge automobiles, prices on these lines of Chrysler Corp. of Canada have been announced without increase over 1939 levels. Company officials attribute maintenance of new prices at pre-war levels to reflection of engineering, manufacturing and distribution economy on the price structure. Announced prices of new Plymouth and Dodge models (Windsor retail) ranges from $849 for the Plymouth Roadking coupe to $1,442 for the Dodge Custom seven-passenger sedan.

Canada Drawn Closer Toward Newfoundland

Some Predict Island Will be Absorbed by Canada

From Our Own Correspondent

OTTAWA.—There is some speculation here as to the effect of the war on the relationship between Canada and Newfoundland.

Close ties already exist between Canada and Newfoundland and indications are that these will be strengthened. In fact, some observers predict union of Newfoundland and Canada will be one outcome of the war.

Strengthening of existing ties is already under way. One of the first acts of the Canadian Government on the outbreak of war was to undertake the defense of Newfoundland. This, of course, was to be expected, for the Island is essential to the defense of Canada. At the same time, however, this action relieved Great Britain of a responsibility.

Foreign Exchange Control

Another important matter is the extension of regulations of the Foreign Exchange Control Board to Newfoundland. This also was an essential move, for Newfoundland operates on Canadian currency. Effective control, therefore, necessitated extension of the regulations to Newfoundland.

Newfoundland has set up a Foreign Exchange Control Board of its own, but this can be regarded as no more than a committee of the Canadian Board. The Newfoundland Board will act as an advisory body to protect the interests of the Island. In the final analysis, however, purchase and sale of foreign exchange by Newfoundland will be through the Canadian board.

In effect the regulations give Canada a wide measure of control over Newfoundland's trade. It can be taken for granted, however, that this control will not be abused. Nothing will be done that is detrimental to the interests of Newfoundland. As far as possible the free flow of trade will not be interfered with.

Trade With Canada

Trade between Canada and Newfoundland may increase. In recent years both Great Britain and the United States have improved their position in the Newfoundland market, but conditions are now favorable to Canada.

Newfoundland purchases from Great Britain might be expected to increase as a result of the depreciation of sterling. But there are other factors to be considered. In the first place, there are no restrictions on the free flow of goods between Canada and Newfoundland. Secondly, high ocean freight rates and a shortage of shipping may more than offset the premium of the Canadian dollar over the pound sterling.

It is conceivable that Canada might be asked by the British Government to assume even greater responsibility in regard to Newfoundland. For some years now the British Government has been sponsoring a programme designed to rehabilitate the economic life of the Island. Now, it may be too busy to give much attention to Newfoundland.

Has a Large Debt

There are, of course, obstacles in the way of absorption of Newfoundland by Canada. Newfoundland has a large debt which is guaranteed by the British Government. Furthermore, it has been necessary for Great Britain to make large grants to the Island in order to enable it to maintain essential services and carry out a rehabilitation programme. Assumption of an additional financial burden would not be favorably regarded by the Canadian Government.

The financial burden would probably be larger than the budget position of the Commission of Government indicates. A large part of the revenue of the Newfoundland Government is obtained from a high tariff on imports. If Newfoundland became a province of Canada revenue from this source would be reduced.

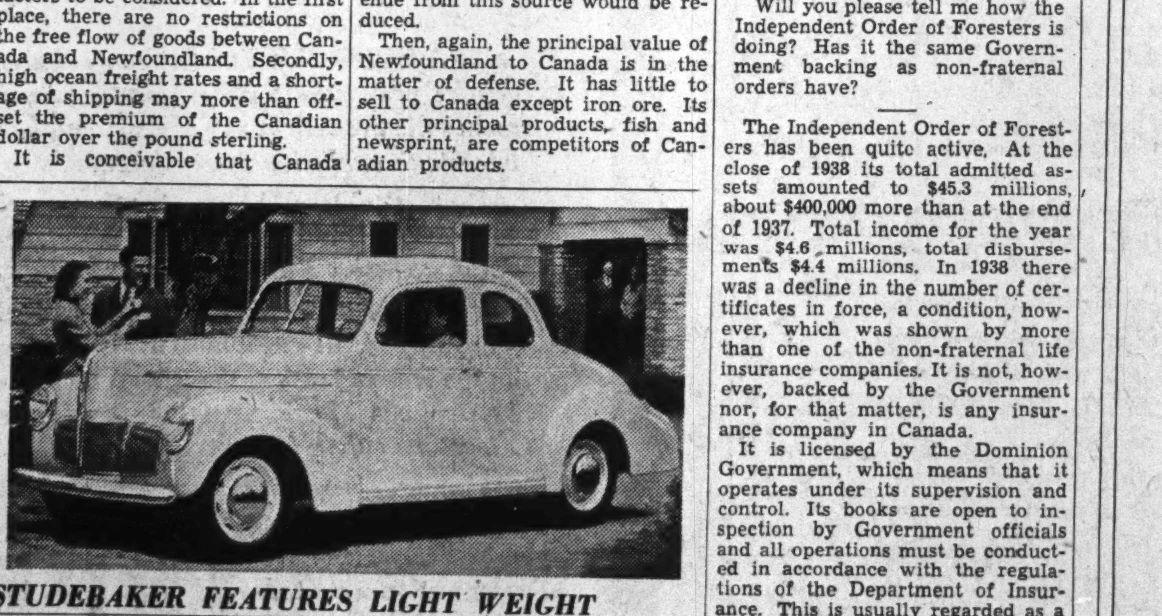
Then, again, the principal value of Newfoundland to Canada is in the matter of defense. It has little to sell to Canada except iron ore. Its other principal products, fish and newsprint, are competitors of Canadian products.

Ford Motor Co. Appoints New Domestic Sales Head

R. M. SALE

Twenty-four years of service with Ford Motor Co. of Canada has been capped by appointment of R. M. Sale, of Windsor, as domestic sales manager, according to the announcement by Wallace R. Campbell, president of the company.

A native of Windsor, Mr. Sale joined the company's staff in Oct., 1915, and remained with the cashier division until 1924, apart from two years of service overseas as lieutenant with the 241st Battalion, C.E.F. After two years as assistant treasurer of the Ford subsidiary companies in Australia, Mr. Sale returned to Windsor in 1927 as assistant head of export sales, becoming assistant to the domestic sales manager in 1929.



STUDEBAKER FEATURES LIGHT WEIGHT

Reduction of weight to an efficient minimum and modern simplicity of design, features which attracted widespread attention on introduction of the new "Champion" line of Studebaker cars last spring, are extended in the 1940 models now being shown. The Champion models have been released in advance of the larger types of Studebaker cars. In addition to elimination of excess weight, permitting fuel economy and mobility of operation, the new Champions are equipped with the new "sealed beam" headlights and hood locks controlled from the interior of the car. Photo shows the 1940 Champion coupe.

NORTHERN LIFE APPOINTMENTS

The Northern Life Assurance Co. announces the appointment of L. C. Bonnycastle, F.A.S., F.A.I.A. (right), formerly assistant treasurer, to be treasurer of the company and H. L. Sharpe, F.A.I.A., formerly assistant actuary, to be actuary. Mr. Bonnycastle will devote his time largely to investments. Mr. Sharpe will have charge of the underwriting policy and actuarial departments.

Insurance Notes

The annual meeting of the Ontario Fire and Casualty Insurance Agents' Association will take place this year, as usual, on October 19 and 20, at Toronto.

* * *

R. D. Henderson, assistant registrar of companies for Alberta, has been appointed deputy superintendent of insurance for that province, succeeding R. R. Moore, recently appointed acting manager of the Alberta Government's fire insurance office. J. W. Day will be associated with Mr. Moore as underwriter.

* * *

The Sun Life Assurance Co. has declared a dividend of $3.75 per share for the quarter ending Sept. 30. It is payable Oct. 1 to shareholders of record Sept. 16.

* * *

A new sales branch for eastern Ontario has been opened by the Equitable Life of Canada in the Royal Bank Building, Kingston, Ont. G. J. S. Loynes, C.L.U., has been appointed manager.

* * *

New paid for business placed with the Monarch Life Assurance Co. in the first eight months of 1939 was 3½% higher than in 1938, according to G. C. Cumming, general manager. H. O. Wright, manager, Saskatoon, A. M. Shook, general agent, Toronto, and G. D. Tyson, manager, Victoria, received awards in the recently concluded sales campaign. Leading individual prize winners were W. H. Craddock (N. Sask.), and W. H. Easte, C.L.U., and L. Shaffer of Winnipeg.

* * *

Residence burglary insurance rates in Toronto have been increased. The increase naturally varies with different companies, but broadly speaking the greatest change is in the policies giving complete coverage as compared with those giving divided coverage. It has been found that losses on the former type of policy have been much heavier than on the latter. The complete coverage, as the name indicates, gives protection against loss of any articles in the house belonging to the policyholder. The divided coverage policy states so much protection on watches, jewellery, gems, furs, and similar articles, with the balance on other articles of more general use.

* * *

Benoit Bertrand has been appointed branch manager of the Sun Insurance Office and its affiliated companies for the Quebec province. Mr. Bertrand joined the Sun group in 1930.

* * *

D. L. Laidlaw has been appointed assistant manager of the Canadian General and Toronto General Insurance Companies and will devote his time to fire prevention. Mr. Laidlaw was formerly assistant manager of the group for Ontario, and Toronto inspector for the group. Allan J. Beattie, formerly inspector, has been appointed assistant casualty manager for Ontario.

Vigilance Urged Against Sabotage

Ontario Fire Chiefs Get Instructions—Quebec Forms Commission

Precautions against sabotage have been increased in all parts of Canada since the outbreak of war. An example of the efforts that are being made in official quarters to conserve life and property is the memorandum issued by W. J. Scott, Fire Marshal of Ontario to all fire chiefs in the province.

The memorandum urges that special attention be paid to factories and warehouses which may be used for the manufacture or storage of war materials such as munitions, guns, airplanes, army clothing, foodstuffs, etc. Fire chiefs are urged to make all efforts to eliminate hazards from such places and to become acquainted with the premises in order to be prepared to deal with any explosion or fire occurring. Employers are asked to instruct employees to take proper precautions and also in the use of private fire fighting equipment and the best way of calling a fire department.

Additional places mentioned as requiring special attention are electric power plants, and substations, large storages of gasoline and oil, public service gas generating plants, waterworks pumping stations, water supply mains and other public utility and transportation services.

Insurance Problems

I. O. F.

Will you please tell me how the Independent Order of Foresters is doing? Has it the same Government backing as non-fraternal orders have?

The Independent Order of Foresters has been quite active. At the close of 1938 its total admitted assets amounted to $45.3 millions, about $400,000 more than at the end of 1937. Total income for the year was $4.6 millions, total disbursements $4.4 millions. In 1938 there was a decline in the number of certificates in force, a condition, however, which was shown by more than one of the non-fraternal life insurance companies. It is not, however, backed by the Government nor, for that matter, is any insurance company in Canada.

It is licensed by the Dominion Government, which means that it operates under its supervision and control. Its books are open to inspection by Government officials and all operations must be conducted in accordance with the regulations of the Department of Insurance. This is usually regarded as a material safeguard to policyholders.

Total certificates in force in Canada and the United States at the close of 1938 were $110 millions compared with $114 millions at the close of 1937. The Order has a deposit with the Receiver-General for the protection of Canadian policyholders with an accepted value of $121,800.

Gain is Shown In Life Sales

Total for All Canada Up .39% — Six Provinces Lower

Sales of ordinary life insurance are stated to be holding up well and comparing favorably with a year ago. Prior to the outbreak of war there was a rush to take out new insurance to avoid having to pay higher premiums under the war clauses inserted in later policies.

Sales of ordinary insurance for Canada and Newfoundland, in August showed a fractional gain over 1938. The increase in the total was due to gains of 3.4%, 7.7% and 28% in British Columbia, Ontario and Prince Edward Island respectively. The largest decline among the provinces was that of 11.8% in Saskatchewan. Newfoundland was down 18%.

The figures were published by the Canadian Life Insurance Officers Association, and are based on returns from 18 companies having 84% of the total insurance in force.

Life insurance sales in the United States during August showed a total of $381.6 millions ordinary insurance against $361.2 millions, an increase of 5.7%.

Life Insurance Sales
(000's of $)

	—August— 1939 $	—August— 1938 $	Change 1939 %
Brit. Columbia .	2,216	2,144	+3.4
Alberta	1,180	1,255	—5.9
Saskatchewan .	693	786	—11.8
Manitoba	1,670	1,780	—6.2
Ontario	12,793	11,881	+7.7
Quebec	7,553	7,919	—4.6
New Brunswick	728	768	—5.2
Nova Scotia	1,224	1,362	—10.1
Pr. Ed. Island .	137	107	+28.0
Newfoundland .	364	444	—18.0
	28,558	28,446	+0.39

Sales by Months, 1936-1939
(000's of $)

	1936	1937	1938	1939
Jan.	33,347	27,789	31,287	30,434
Feb.	28,834	30,619	31,796	30,879
Mar.	30,552	32,322	33,461	33,578
Apr.	28,876	32,562	30,612	28,229
May	28,411	31,916	31,016	33,657
June	31,247	37,908	35,660	35,766
July	31,397	32,040	30,635	32,244
Aug.	23,547	28,411	28,446	28,558
Sept.	28,090	27,730	27,928	.....
Oct.	29,402	33,416	32,372	.....
Nov.	36,710	38,020	37,167	.....
Dec.	34,146	37,125	36,475	.....

Obituaries

John L. Eaves, president, Edmund Eaves Ltd., wholesale jewellers, Montreal, aged 68, at Montreal.

W. A. Coates, former director Robert Reford Co., aged 78, at Montreal.

B. C. Pulp Puts Mills On Capacity Basis

From Our Own Correspondent

MONTREAL. — British Columbia Pulp & Paper Co. has reopened the Spry camp on the west coast of Vancouver Island to supply pulpwood for the Port Alice mill.

Both the Port Alice and woodfibre mills are operating at full capacity, producing 320 tons of bleached sulphite and rayon pulp daily. The mills employ 800 men while 200 others are employed in the company logging camps.

Company officials said elimination of competition from Germany and curtailments of exports of paper and pulp from Scandinavian countries has resulted in an increased demand for British Columbia pulp products.

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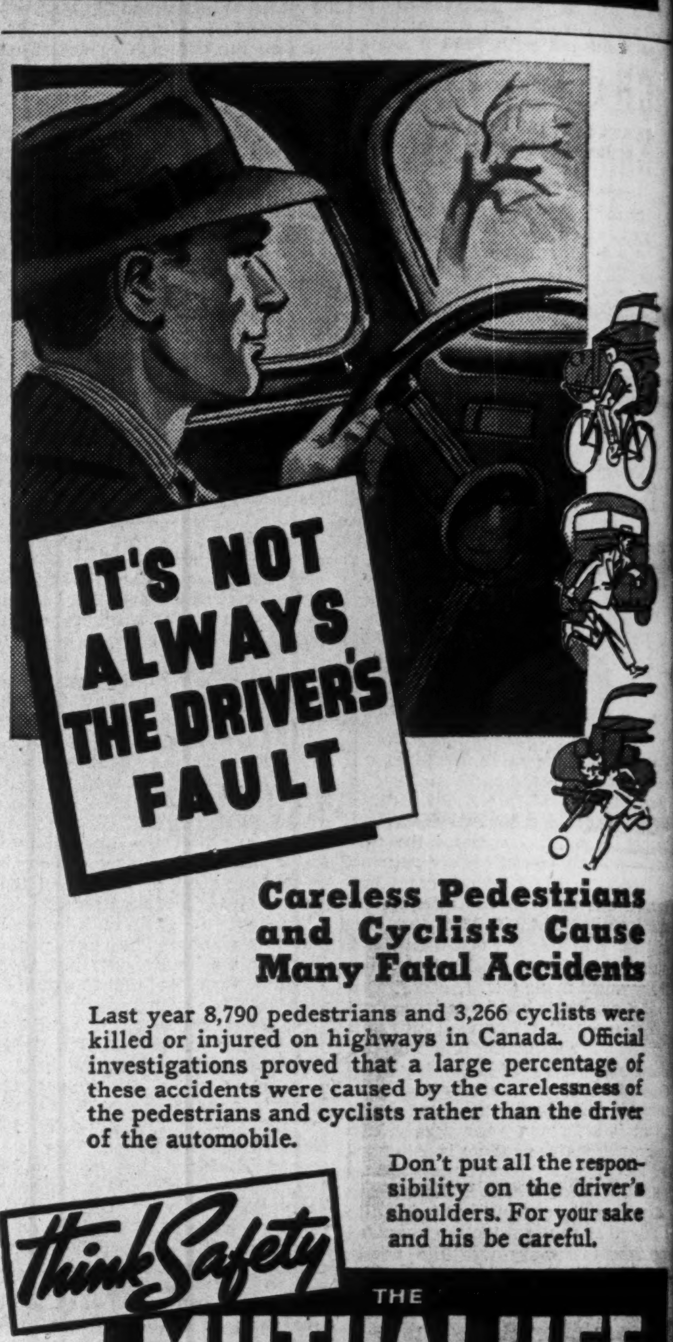
AGENCY INQUIRIES INVITED
LUMBERMENS MUTUAL Casualty Company
VANCE C. SMITH, Chief Agent
CONCOURSE BUILDING
TORONTO
Fire and Allied Lines Written in Associated Companies


IT'S NOT ALWAYS THE DRIVER'S FAULT

Careless Pedestrians and Cyclists Cause Many Fatal Accidents

Last year 8,790 pedestrians and 3,266 cyclists were killed or injured on highways in Canada. Official investigations proved that a large percentage of these accidents were caused by the carelessness of the pedestrians and cyclists rather than the driver of the automobile.

Don't put all the responsibility on the driver's shoulders. For your sake and his be careful.

Think Safety
THE MUTUAL LIFE OF CANADA
ESTABLISHED 1869
HEAD OFFICE • WAROO, ONT.

OBSOLETE
Though Never Worn

UP-TO-DATE
Though Worn Out

A MACHINE depreciates through use. But it might become *obsolete* before it is even a year old through the introduction of a better method of doing its job. For, thanks to the understanding of industry's requirements on the part of modern inventors, new processes and new methods for increasing the efficiency and economy of production are continually being developed.

There are many firms who either do not realize how severely they are handicapping themselves by continuing to use out-dated equipment, with its resultant inefficient, high-cost production, or who hesitate to install new machines fearing that it would involve too heavy an outlay of cash.

Sellers of industrial machinery or like equipment, can, through the use of I.A.C. amortized payment plans, make it easy for Canadian industrial concerns to install *now* the up-to-date, efficient equipment they need. As a matter of fact the new machinery can often be sold on a basis whereby the monthly instalments are no more, and in many cases even less than the savings enjoyed through the increased efficiency of modern equipment.

Let an I.A.C. representative explain these plans to you in detail, and show you how they will help you to sell equipment on a sound and practicable amortized payment plan.

Industrial Acceptance Corporation
Limited
Sun Life Building - Montreal

AN ALL-CANADIAN COMPANY—26 BRANCHES FROM COAST TO COAST

OCEAN BATHING IN YOUR BATHTUB!

At these beachfront hotels you can take a dip in the ocean without leaving your room. Salt water (hot and cold) is piped direct from the sea to your private bath,

*Canadian funds currently accepted at par for hotel charges

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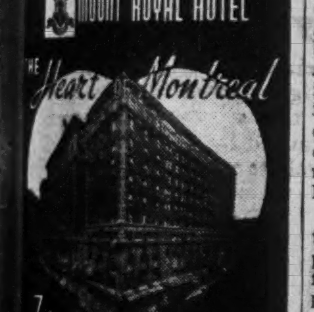
Restricted Clientele
HERMAN V. YEAGER, General Manager
POCONO MANOR, PA.



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For Business or Pleasure
the MOUNT ROYAL HOTEL
Direction of VERNON G CARDY

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London, Ontario
Rates for Rooms as Follows:—
Single room without bath, $2.50; running water and toilet.
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Single room with bath, $3.00.
Single room with tub and shower combination, $3.50.
Double room without bath, $4.00; running water and toilet.
Double room with bath, $4.50.
Double room with tub and shower combination, $5.00.
Twin bedrooms with tub and shower combination, $5.50.

Soliciting your appreciated patronage,
H. F. STRUCKETT,
Manager.

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Industrial Acceptance Earnings Decrease

From Our Own Correspondent

MONTREAL.—Earnings of Industrial Acceptance Corp. in the first seven months of the current year were lower than in the corresponding period last year. However, profits for the seven months period were about sufficient to cover the full year's dividend requirements of $2 a share on the Class "A" stock.

Business of the company in the early part of the year was substantially below the first part of 1938. Recently, there has been improvement.

Employment conditions have an important influence on the volume of business handled by the company. Since increased employment at increased wages appears in prospect, the management expects volume to reach a satisfactory level.

Air Transport Services Continued Unimpaired

Government Wants No Disruption of Essential Services

FEAR BUSINESS LOSS

Though likely to be affected seriously as the war progresses, Canada's air transport services are operating for the time being on much the same basis as before outbreak of war.

To date, the war has had little or no effect on the service, schedules, personnel and equipment of commercial air operators. This applies equally to interurban and to northern air services to mining areas, and to charter as well as schedule services. As far as can be learned, no routes have been dropped and schedules and services are being maintained on existing routes. No equipment has been taken over or converted for military purposes, and so far only a limited number of personnel have been diverted to military service.

The Government's attitude that both interurban and northern air services should be classed as essential wartime facilities, and should be continued unimpaired if not being expanded in some cases, is an important factor in continuance of pre-war operations. Ottawa's policy is also taken to indicate that the air transport industry is free to carry on without restriction for some time to come, as far as Government action to curtail service, to draft personnel, or take over equipment is concerned.

Business May Drop

Both interurban and northern services would appear equally assured of freedom from any serious disruption by Canada's mobilization for war and the Government regulation of industrial operations. To date, there is no suggestion that units in either group would be taken over for Government war-duration operation. However, interurban and northern operators are likely to fare somewhat differently from the effect of war on traffic and revenues.

General expectation is that necessity of speed in transporting passengers, freight and mail between urban points during wartime will tend to expand rather than curtail services of Trans-Canada Air Lines and other interurban operators. But the outlook for northern services to mining, lumbering and trapping areas and to otherwise isolated communities is regarded with considerable foreboding by most commercial operators, despite several hopeful possibilities. It is generally expected that prospecting for new mines and development of promising properties—operations on which air concerns depend for much of their revenue—will fall to low ebb during wartime.

In some quarters it is suggested that the high price for gold and the probable demand for base metals for war purposes will stimulate prospecting or at least development of known properties. However, it is thought that this factor would do little more than modify the anticipated loss of business, rather than bolster it up to pre-war levels.

Pre-war Decline

In appraising the probable reduction in business for northern flying, it must be kept in mind that a considerable drop in volume had already taken place during the 18 months preceding the war. Advent of war had been discounted for some time by mining investment activity, and this was reflected in extent of prospecting and mine development and, in turn, by northern air transport operations.

Official figures covering 1938 air transport show a total of freight carried 16% below 1937, and 15% under 1936. Air freight shipments last year totalled 21.5 million pounds, compared with 26.3 million in 1937 and 25.4 million in 1936. Last year also saw a sharp reduction in total of paying passengers carried, though there was a small increase in volume of air mail carried, chiefly because of extension of air-mail service to new points.

This year has seen no improvement, in some cases further losses, in northern air transport operations. Apprehension over threat of war during the first eight months of the year and the uncertain state of industrial activity, held back new mining activity and hobbled demand for air services. In the period immediately before outbreak of war, there was quickening of activity in some areas which brought suspension of operations, considerable confusion, and unpromising future prospects.

Poor Outlook

In consequence the outlook of most operators is epitomized fairly well by the comment accompanying the recently issued annual report of Wings Limited. operating air services in the regions north from Winnipeg. It said:

"The outlook is now too clouded by outside forces and influences to permit any statements in respect to future business to be made at this time. Undoubtedly, if the European war continues for any length of time, all air companies in Canada will be affected by loss of personnel and rising costs, as well as a reduction in business caused by the probable lessening of interest in exploration and mining development."

Efforts to offset the expected loss of business have already been launched, in the shape of a move by leading transport operators for co-operative action to eliminate duplicate or unnecessary services. It is suggested that government encouragement if not assistance might be invoked to ensure minimum essential service on a non-competitive basis on all routes throughout the Dominion, particularly to meet the requirements of producing and near-producing mine areas.

Needed Services

It is pointed out that the economic and social structure of huge areas in the north have been built around availability of air transport, and that at least 50% of the mining districts are entirely dependent on air service. It is such considerations that appear to have been taken into account by the Government, in encouraging both interurban and northern operators to maintain required services and avoid disruption of operations.

Government authorities are understood to have told officials of Trans-Canada Air Lines, and the private firms who offered their services and co-operation for war services, that they were regarded as vital communication services needed for maintenance of civil activity during wartime. They were asked to carry on regular service, and, it is reported, given assurance that neither equipment nor personnel would be drawn on any more than was necessary.

Apart from a limited number of pilots and technicians who were already on the air force reserve or otherwise linked with the air force, there has been little depletion of air operators' staffs. The Financial Post is reliably advised that care is being taken in accepting for military service such transport pilots who volunteer for military service, and operators are submitting lists of personnel needed for maintenance of essential services. The Government's intention to keep essential men in all industries at their posts applies also to air transport.

As to equipment, most of the machines in use on air transport routes are suitable for neither training nor regular military use. An exception is the fleet of Lockheed transports used by Trans-Canada Air Lines, but present plans call for continuance of Trans-Canada service if not an expansion, and no move to convert the Lockheeds to military purposes. Some of the private firms' machines might be used in an emergency for coastal patrols, but such a possibility is not at present contemplated.

There is no indication as yet of any rise in air transport rates, though this may be forced by higher costs.

NEW DIRECTOR

Albert Maclaren has been elected to the board of directors of the Toronto General Trusts and also to the Ottawa branch advisory committee. Mr. Maclaren is president of the James Maclaren Co. Ltd. and Maclaren Power and Paper Co.

Exchange Plan Extends to Nfld.

Use of Canadian Currency Necessitates Same Restrictions

From Our Own Correspondent

MONTREAL. — Regulations imposed by the Canadian Foreign Exchange Control Board extend to Newfoundland.

Since Newfoundland has no currency of its own, but operates on Canadian currency, it was necessary for the Commission of Government to follow Canada in imposing exchange restrictions.

As in Canada, a Foreign Exchange Control Board has been set up. The Newfoundland Board will see that the needs of Newfoundland are provided for as fully as possible. It will operate in conjunction with the Canadian board.

The Newfoundland Board is composed of Hon. J. H. Penson, Commissioner of Finance; Hon. J. H. Gorvin, Commissioner of Natural Resources; and H. V. Hutchings, Secretary for Customs.

Same Regulations

Regulations regarding the registration of securities, trading in securities and licensing of imports and exports of any kind are the same as those in Canada. General licenses for exports and imports of any kind, except securities and foreign exchange and currency, are being issued at the present time so that inconvenience to traders will be limited to the minimum.

Foreign exchange can be bought and sold only through the medium of the four Canadian banks in Newfoundland, namely, the Bank of Montreal, Royal Bank of Canada, the Bank of Nova Scotia and the Canadian Bank of Commerce.

Transfer of funds between Canada and Newfoundland is not affected.

Weekly Bank Clearings

	Sept. 21 1939 $	Change Year Ago %	Sept. 14 1939 $
Halifax	2,815,718	—4.4	2,392,834
Saint John	1.927,536	+14.5	2.094,385
Moncton	841,145	+3.6	788,468
Sherbrooke	710,627	+5.7	708,794
Quebec	5,219,474	+10.9	5,747,988
Montreal	101,475,290	—4.1	105,009,561
Ottawa	17,742,915	+14.0	18,095,435
Peterborough	584,837	—11.7	614,239
Toronto	130,872,889	+19.5	122,582,032
Kingston	623,997	+13.6	601,288
Hamilton	5,376,311	+6.0	5,316,296
Kitchener	1,230,484	—6.6	1,098,931
Brantford	1,164,965	+31.3	875,730
London	2,711,563	+4.1	2,434,904
Chatham	618,787	+19.3	593,833
Windsor	2,557,102	—7.0	2,635,803
Sarnia	406,765	—25.4	456,216
Sudbury	1,008,749	—0.7	1,104,095
Fort William	790,660	+4.9	824,853
Winnipeg	86,556,033	+50.7	82,268,126
Brandon	498,390	—2.7	436,608
Regina	12,068,674	+36.3	8,338,648
Moose Jaw	919,632	+17.5	811,106
Prince Albert	400,205	+14.2	357,808
Edmonton	4,380,158	—0.9	3,975,713
Saskatoon	1,781,073	+14.0	1,427,720
Calgary	6,663,410	—19.4	5,415,199
Lethbridge	702,023	—3.6	698,760
Medicine Hat	391,132	+10.5	315,755
N. W'minster	581,356	+1.1	694,089
Vancouver	19,506,407	—1.2	16,961,218
Victoria	1,885,576	+10.6	1,873,705

Housing Loan Plans Continue

Two Measures Likely to be Unaffected by War

By all present indications, operations of the National Housing Act and Home Improvement Plan to stimulate house construction and renovation will be continued without curtailment because of the war.

There may be a period of war adjustment during which construction activity will be restricted. But there is no sign that the facilities of the two measures will not be continued to accommodate those able to take advantage of them to meet dwelling needs. At the time war broke out volume of loans under both Acts was continuing to show substantial increases over last year.

On the basis of information obtained from the Department of Finance, the Canadian Institute of Plumbing & Heating has issued a bulletin citing a number of points to indicate that both plans will continue for another two years at least. The Institute states that the department "is continuing to administer and apply both Acts, without any change or restriction," and points out that no move was made at the emergency session of Parliament to amend or hoist the legislation involved.

Unused Loan Margins

The unused margins of the statutory limits on total loans allowable under the two measures suggest that both will remain in force until the end of 1941, if not longer, the Institute bulletin says.

At the end of August, cumulative total of loans under the National Housing Act and its predecessor (Dominion Housing Act 1935) was $41,610,721, and that under the Home Improvement Plan, $33,651,422, or a combined total of $75.2 millions. Housing Act loans approved in August amounted to $2,183,631, more than double the figure for August of last year and representing the fourth monthly total in succession to be over the $2 millions mark.

August saw 14 additions to the roster of communities where loans are available through approved lending institutions, and continued increase in the number of loans for low cost homes valued at $3,000 or less.

Home Improvement loans in August amounted to $1.7 million, an increase of 45% over the same month in 1938.

Bank Chat

Bank Loans Increasing

Since the outbreak of war, demand for credit from the chartered banks has been showing a substantial increase. Merchants and manufacturers are no longer afraid of taking a loss on a declining market and, accordingly, are laying in heavier stocks of finished and raw materials than for a long time. These are being financed largely by the banks.

Then, too, the movement of the big wheat crop means a much greater demand for loans, especially with the higher prices ruling. One head office official stated that wheat at 75 cents a bushel meant a demand for almost twice as much credit from the banks as when it was around 50 cents. Already, too, the money being distributed in the West from the crop is being reflected in payments being made on old outstanding debts. In some cases it is stated debts which had been written off as hopeless have been paid off.

* * *

Bank of Montreal Building

Operations on the new building of the Bank of Montreal at Bay and King streets, Toronto, will be suspended when the present contract for the foundations and steel work to the third floor is completed. This, it is expected, probably will be in November. What will happen then is a matter of conjecture as no official statement has been made by the Bank other than the announcement by H. R. Drummond, president, that: "In view of the uncertainties created by the war and the heavy responsibilities which will doubtless devolve upon financial institutions in this country, it would be imprudent to proceed with a substantial expenditure which could be postponed."

In some quarters it is believed that when the substructure is completed, the bank may proceed with a smaller building, probably six or eight stories which would be sufficient for its own need. This would be in line with the traditional policy of the Bank of Montreal which in the past has refrained from erecting office buildings other than those just required for its own needs. The decision reached last spring to carry the new building up 16 stories and to make it an office building in addition to providing premises for the bank itself, was a distinct departure from the established policy of the institution.

* * *

Branch Changes

Four branch banks closed and one opened, in the month ended Sept. 15, are reported in the Bank Directory for September. The Banque Provinciale opened a branch at 530 Ogilvy Avenue, Montreal, and the Bank of Montreal closed branches at Banff and Lake Louise, Alta.; Goudreau, Ont., and a sub branch at Cline Lake, Ont. The Canadian Bank of Commerce announces the following changes in banking towns: Barkerville, B.C., to Wells; Kearns, Ont., to Virginiatown, Ont.; Stanley, B.C., to Wells, B.C.

Bank of Canada Weekly Statement

The statement of the Bank of Canada for the week ended Sept. 20 reflects the effect of war in a number of items. Deposits of the Dominion Government are down about $16.5 millions from the previous week. This is probably due to withdrawals of cash, to meet payments coming due, including treasury bills which the chartered banks may have wished to cash in. Note circulation has also been expanding, being $9.6 millions higher during the week. The demand for cash probably reflects in part, the brisker business resulting from the movement of the crop. Deposits of the chartered banks with the central bank, were up $10 millions. This would appear to be additional reserve for the banks against new loans and deposits, as business is seeking more credit.

On the asset side, there is a decrease of $9 millions in the reserves of sterling and U. S. exchange, likely due to operations of the Foreign Exchange Control Board.

Balance Sheet

	Sept. 20 1939	Sept. 13 1939
Liabilities	$	$
Capital paid-up	5,000,000	5,000,000
Notes in circ.	203,152,567	193,536,270
Rest fund	1,903,515	1,903,515
Depos. Dominion	36,488,308	53,039,817
Banks	210,205,954	200,209,532
Other	9,466,603	11,753,095
Total deposits	256,160,865	265,002,444
All other liabs.	8,432,270	7,280,179
Total liabs.	474,649,217	472,722,408
Assets		
Reserve: Gold	225,674,969	225,418,339
Res. in sterling and U. S.	50,472,726	59,616,197
Other curr.	8	141
Total reserve	276,147,703	285,034,677
Subsidiary coin	338,905	345,190
Investments:		
Dom. govt. short	129,579,249	120,894,492
Other Dom. govt.	64,414,294	61,497,622
Total invest.	193,993,543	182,392,114
Premises	1,660,436	1,660,436
All other assets	2,508,,630	3,289,991
	474,649,217	472,722,408
Reserve ratio	60.12%	61.16%

Banking

Banks Given Latitude In Exchange Dealings

But Must Be Ready, When They Use Their Own Discretion, to Satisfy Control Board—Branches Receive Instructions From Head Offices

Foreign exchange departments of the Canadian chartered banks have been working overtime since the proclamation of the Order-in-Council establishing the Foreign Exchange Control Board and appointing them agents of the Board. The suddenness with which the order was put into effect meant that they had to be ready to do business with practically no notice. In spite of this, in most cases, it has been possible to carry on normal business abroad with no worse than some delay and the inconvenience attendant on making out the various forms.

Subject of course to the regulations and instructions of the board, the banks, like all authorized dealers in foreign exchange, have been given considerable latitude in interpreting how the Board's regulations shall apply to particular cases. As one dealer stated to The Financial Post: "We use our own discretion to a considerable extent but must always remember that we must be ready to give an explanation for whatever we do to the Board."

If they think that any application to buy or sell foreign exchange is for speculation, or not in the interests of the country as a whole, the banks just don't put the deal through. On the other hand, if some person who has been sending a small amount of money to an indigent relative in the United States, wishes to increase the amount a little, there is no attempt made to hold the transactions up.

With the publication of the order establishing the Board, the banks through their foreign departments began the preparation of circulars to their branches explaining to the branch managers their powers and responsibilities. In some of the head offices the counters have been piled high with sheets of typewritten instructions waiting to be shipped to the branches.

There are eleven forms with which branch managers have to become acquainted.

These generally are in the nature of applications for authority to import or export goods and for foreign exchange. If you want to travel and require foreign exchange you have to apply to a registered dealer, probably your banker, for the foreign funds. Or, if you want to take Canadian funds out of the country with you, you have to make application on one of the prescribed forms. Then, for property other than goods, such as securities for instance, yet another form is provided.

Banks Can't Lose

In one way it works to the advantage of the banks. Formerly they stood to lose on a day's transactions in foreign exchange as well as make a profit, under the present regulations, acting as agents of the Board, they risk no loss but are sure of their commission.

The setting of a daily rate on foreign exchange is one of the functions of the board. That done, the chartered banks simply carry out the deals knowing that the spread between buying and selling prices is fixed for the day.

Enquiries

Changing U. S. Currency

I recently took a United States $1 bill into a Canadian bank expecting to get $1.10 for it in Canadian money, as that is the current rate of exchange. Instead they told me they would not only not allow me the premium of 10% but would have to levy a charge of 15 cents for changing it.

A number of enquiries indicate that it is hardly common practice to levy such a charge for changing such a small amount of money. A more common method, it appears, would have been to cut the premium from 10 to, say, 5 cents over the Canadian dollar and allow you $1.05 for the U. S. note. It should be noted, however, that bankers under such circumstances are apt to pay a smaller premium for currency than they are for cheques. The reason for this is that they may have to hold the foreign currency for some time until they accumulate sufficient to make a shipment worth while. This means that this money, while it is being held, is not drawing interest. Then, when they have enough to ship away, it is subject to certain charges for packing, insurance, express, etc.

Staff Changes

The Bank of Nova Scotia announces the following staff changes:

D. B. BRETT, to be acting manager, Catalina, Nfld.

E. HUDDLESTONE, to be accountant, Calgary, Alta.

L. J. ABBOTT, to be accountant, Liverpool, N.S.

J. M. LOGAN, to be accountant, Summerside, P.E.I.

The Canadian Bank of Commerce announces the following staff changes:

G. D. DALLAIRE, manager, Windsor, Que., to be manager, Drummondville, Que.

S. MACLOUGLIN, manager, Drummondville, Que., to be manager, Granby, Que.

B. E. PORRITT, formerly manager at Abbottsford, B.C., to be manager securities department, Victoria, B.C.

L. T. GARON, accountant, Bedford, Que., to be manager, Windsor, Ont.

Foreign Exchange

During the week Sept. 19 to 25, there was no change in the quotation of the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, Sept. 25

Belgium	.1883	Italy	.0561
France	.025086	Norway	.2525
Holland	.5903	Sweden	.2647
Hungary	.2109		

BUSINESS LOANS

Well managed business that contributes to the well-being of the community has first call on available funds held by this Bank. We consider it a primary function to co-operate with sound business expansion.

THE BANK OF TORONTO
Incorporated 1855

239L

IN MONTREAL

Business men prefer the Windsor for its convenient location, its modern comforts, its old-fashioned traditions of hospitality — and because this hotel is recognized as the proper place for business and social meetings.

THE Windsor
ON DOMINION SQUARE
J. ALDERIC RAYMOND
VICE-PRESIDENT

Requires Minimum Desk Space

How to be a DICTATOR and stay popular

1. Don't call your secretary away from her desk every time you have an idea—tell it to Dictaphone

2. Let her do *her* work *without interruptions*—while you do *yours*—aided by your ever-ready Dictaphone.

3. Record notes and memos . . . make your instructions *definite*, complete and easy to follow—use Dictaphone.

4. Confirm agreements so that no one will misunderstand them—just talk them simultaneously to your Dictaphone.

5. Keep up with your work with this modern dictating machine. Don't make it necessary for others to work overtime.

6. Use Dictaphone to organize your work so that the office runs smoothly, even when you're away.

P.S. When the Dictaphone representative calls, give him a hearing. That's all he needs—to win you to the ease, the simplicity—the efficiency of the Dictaphone method!

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The word DICTAPHONE is the registered trade-mark of the Dictaphone Corporation, Limited, makers of dictating machines and accessories to which said trade-mark is applied.

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86 Richmond Street West, Toronto.
☐ I should like to talk with someone about the loan of a Dictaphone at no expense to me.
☐ Please send me copy of "Danger, Nobody Working."
Name..........
Company..........
Address..........

The Week's Quotations

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING SEPTEMBER 25

A

Range 1939 High	Low	Div R'te $	Sep23 Y'ld %	Company	Sales	Last Sept. 18	Week end. Sept. 25 H	L	Cl'se
3.37	.50	.	...	Abitibi	108042	2.00	3.25	2.00	2.38
21¼	3¼	.	...	Do. pref. 6%	37407	10¾	19¼	11	18¾
21	4	.	...	Do. pref. 7%	60	13	15	13	15
4½	3½	30c	7.5	Acadia Sugar	....	(3 bid 4½ asked)			
5¾	5½	30c	5.2	Do. pref.	....	(— bid — asked)			
5	2	.	...	Acme Glove	3	2	2	2	2
*82	60	.	...	Do. pref.	....	(— bid 70 asked)			
10½	9½	60+20c	8	Agnew Surp.	25	10	9¾	9¾	9¾
114	104	7	6.7	Do. pref.	....	(104 bid 105 asked)			
3¾	1	.	...	Alta. Pac. Gr.	130	3¾	3¾	3	3¾
25	13	.	...	Do. pref.	20	22	25	25	25
17¼	6¾	.	...	Algoma Steel	2270	13	17¼	14½	16
80	51	.	...	Do. pref.	....	(80 bid — asked)			
142¼	104	25c+10%		Aluminum	45	105	108	108	108
112½	111¼	6	5.4	Do. pref.	....	(— bid — asked)			
4½	4½	.	...	Amal. Elec. M.	....	(— bid — asked)			
22½	22¼	60c	2.7	Amer. Cyn. B.	....	(— bid — asked)			
50	47	2.75	5.7	Ang. Can. Tel. p	....	(— bid 48 asked)			
28¼	17¼	60+30c	3.9	Asbestos	2631	19	23¼	20¼	23¼
17	11	80+45	10.4	Assoc. Brew.	390	12¼	12	11¾	12
115	109	7	6.4	Do. pref.	....	(110 bid — asked)			
*6¼	6¼	.	...	Assoc. T. & T.A.	....	(— bid — asked)			
31	29	1.26	...	Do. pref.	....	(29 June 29)			
102	100	5.50	5.5	Ault & Wiborg	....	(100 Sept. 16)			

B

Range 1939 High	Low	Div R'te $	Sep23 Y'ld %	Company	Sales	Last Sept. 18	Week end. Sept. 25 H	L	Cl'se
168	140	8	5.6	Bk. Can. Nat.	73	145	142	140	142
222	176	8	4.3	Bk. Montreal	113	170	185	176	176
310	285	12	4.1	Bk. N. Scotia	30	290	295	285	290
255	215	10	4.3	Bk. Toronto	40	250	231	215	231
5	4¼	..	...	Barcelona	....	(5 Mar. 18)			
7¼	3	.	...	Barker's Bread	....	(4½ bid 5 asked)			
39¼	20	2.50	7.6	Do. pref.	65	33	33	30	33
11¾	4¼	25c	...	Bathurst Pr.	11387	8	11¾	8¼	11¼
5	¾	.	...	Do. (B)	2686	2¼	5	2¼	4¼
1.90	.50	.	...	Bawlf Grain	625	1.75	1.75	1.60	1.75
17	15	.	...	Do. pref.	....	(16 bid — asked)			
3	1¼	.	...	Beath & Sons	....	(3¾ bid 4½ asked)			
8¼	4	.	...	Beatty Bros. A.	50	6¼	6	6	6
105	99¼	6	5.9	Do. pref.	....	(101 bid — asked)			
97	90	7	7.8	Do. 2nd pref.	....	(— bid 95 asked)			
5¼	2	.	...	Beauharnois	5296	4	4¼	3¾	4¼
95	90	4	4.2	Belding Cort.	....	(92 bid 95 asked)			
141	131	7	5.2	Do. pref.	10	140	136	136	136
178	140	8	5.1	Bell Telephone	1175	144	159	144	159
8	6	62½c	..	Biltmore Hats	....	(7 bid 9 asked)			
5	3¼	.	...	Blue Ribbon	....	(3¾ bid 5¼ asked)			
34	25	2.50	7.4	Do. pref.	....	(34 bid 35¼ asked)			
24¼	17¾	1.30	7.2	Brant. Cord. pf.	....	(— bid 20 asked)			
12¾	5¾	.	...	Brazilian Tr.	4466	7¼	7¾	7	7¼
5¾	3	50+25c	..	Brew. & Distil.	86	3¼	4	3¼	3¾
6¼	6¼	30c	4.8	Bright, T. G.	....	(— bid — asked)			
80	80	6	7.5	Do. pref.	....	(— bid — asked)			
23¼	18¼	1	4.4	Brit. Amer. Oil	4150	20	22¼	20	22¾
18¼	11	.	...	B. C. Packers	90	15¾	16¼	15	16
28¼	20	2	8.3	B. C. Power (A)	221	20	24¼	22	24
3	1¼	.	...	Do. (B)	75	2	2	1¼	2
5	2	.	...	Bruck S. Mills	370	4	4¼	3¼	4
19	12¾	70+10c	5.5	Building Prod.	2691	12¾	14¼	12¾	14
14¾	9¼	60c	4.2	Burlington Steel	1755	14	14¾	13¾	14¾

W, Y, Z

Range 1939 High	Low	Div R'te $	Sep23 Y'ld %	Company	Sales	Last Sept. 18	Week end. Sept. 25 H	L	Cl'se
25	12	1	4	Wabasso Cot.	330	21¼	25	23	25
51	33¼	4	10.6	Walker Good.	430	35¼	38	36	38
20¾	16¼	1	5.7	Do. pref.	565	16¾	18	17	18
1.40	.70	.	...	Walkerville Br.	....	(.70 bid 1.00 asked)			
*125	123	7	5.6	W. Koot. Pr. pf.	....	(— bid — asked)			
7	2	.	...	West. C. Flour	....	(6¼ bid 7 asked)			
46	15	.	...	Do. pref.	10	40¼	45	42	45
50	45	3	6.4	West Grocers	....	(— bid 55 asked)			
114	103¼	7	6.6	Do. pref.	10	105	106	106	106
11	10¼	50c	4.6	W'minster Pap.	....	(— bid — asked)			
12¼	9¾	80c	7.6	Weston Ltd.	1080	10¼	10¼	10	10¼
95¼	85	5	5.8	Do. pref.	13	85	86¼	86¼	86¼
22	17	1	4.5	Wilsils	850	21	22	20¾	20¾
2.25	1.00	.	...	Winnipeg El. A.	74	1.50	1.75	1.10	1.60
2.00	1.00	.	...	Do. (B)	335	1.50	1.60	1.00	1.50
11	6	.	...	Do. pref.	75	7¾	8	7¼	8
67	60	7	...	Wood, A. & J. p	....	(— bid 65¾ asked)			
50	17¼	.	...	Woods Mfg. pf.	120	46	50	46	50
5	4	.	...	York Knitting	....	(5 bid — asked)			
100	100	7	7	Do. 1st pref.	....	(100 Jan. 4)			
9	7	.	...	Zellers	....	(7¼ bid 8 asked)			
25	22	1.50	6.7	Do. pref.	....	(21¾ bid — asked)			

Quotations: *1938. °1937. b New York quotations.
▲ On account of arrears.
‡ Plus extra of $2 paid Feb. 1, 1939.
● Initial. † Interim.

Mining Stocks

Week Ending September 25.

A

Par Val.	Range 1939 High	Low	Company	Sales	Close Sept. 18 (or last)	High for week	Low for week	Close Sept. 25
1	.04	.01½	Afton	1,500	.01½	.01½	.01½	.01½
No	.65	.24	Aldermac	27,470	.39	.49	.40	.40
1	.01½	.00¾	Alexandria	......	(.01 bid .02 asked)			
1	.17	.04¼	Amm. Gold	1,500	.06	.05	.05	.05
No	3.25	2.00	Anglo-Huronian	530	2.15	2.15	2.07	2.15
No	.02¼	.01	Arno	......	(.01 bid .02 asked)			
1	.17½	.07	Arntfield	2,100	.07	.08	.07	.07
1	.10¼	.05	Ashley	1,000	.05	.05	.05	.05
1	.06½	.01	Astoria Quebec	1,750	.03	.04	.02½	.04
1	2.87	1.65	Aunor Gold	10,906	1.84	1.90	1.80	1.81

B

Par Val.	Range 1939 High	Low	Company	Sales	Close Sept. 18 (or last)	High for week	Low for week	Close Sept. 25
1	.23	.06	Bagamac	500	.10	.07	.07	.07
1	.38	.15	Bankfield	2,600	.18	.18¼	.16	.16
No	.34	.10	Base Metals	14,300	.21	.25	.21	.22
1	.32	.05	Bear Exploration	11,900	.05	.07¼	.05	.07
No	1.40	.92	Beattie Gold	2,100	1.00	1.05	1.00	1.00
1	.14	.07½	Beaufor	2,200	.12	.13	.12	.13
1	.30	.09½	Bidgood Kirk.	9,901	.13	.12½	.10½	.11½
1	.35	.08	Big Missouri	2,125	.13	.11	.09	.09
1	.22	.05½	Bobjo	4,500	.07	.07½	.07	.07
1	.12	.04	Bouscadillac G.M.	1,500	.05	.04	.04	.04
No	12.50	9.10	Bralorne	1,447	10.25	10.15	9.85	10.00
1	.08	.04	Brazil Gold	......	(.05 bid .06 asked)			
1	.03½	.01	Brett Trethewey	......	(.01 bid .01½ asked)			
1	.75	.19	Broulan Porc.	31,500	.25	.30	.22	.30
1	15.50	5.75	Buffalo Ankerite	950	7.00	7.25	7.00	7.25
No	.05	.02	Buffalo Can.	......	(.01½ bid .02 asked)			
5	28.00	17.75	Bulolo Gold	......	(18.00 bid .... asked)			
No	.11½	.03	Bunker Hill	1,500	.03½	.03½	.03½	.03½

C

Par Val.	Range 1939 High	Low	Company	Sales	Close Sept. 18 (or last)	High for week	Low for week	Close Sept. 25
No	1.03	.48	Can. Malartic	4,115	.55	.53	.48	.50
1	.03½	.01	Capital Rouyn	......	(.01 Aug. 22)			
1	2.40	1.70	Cariboo Gold	800	1.85	1.75	1.70	1.70
1	.06	.02	Cartier Malartic	500	.02½	.02	.02	.02
1	1.05	.55	Castle Trethewey	100	.57	.60	.60	.60
1	.25½	.09	Cen. Cadillac	7,000	.10	.10	.09	.10
1	2.75	1.91	Cen. Patricia	3,200	2.10	2.10	2.05	2.05
1	.14½	.05	Cen. Porcupine	2,500	.05½	.06½	.05½	.06½
1	.25	.15	Century Mining	......	(.16½ Aug. 28)			
1	1.39	.62	Chesterville	12,600	.62	.68	.63	.63
No	.88	.40	Chromium	4,310	.55	.65	.55	.65
5	4.50	1.50	Coast Copper	825	2.25	2.55	2.20	2.25
5	2.00	1.25	Coniagas	100	1.25	1.50	1.50	1.50
No	2.34	1.10	Coniaurum	3,040	1.23	1.28	1.20	1.28
1	.30	.10	Con. Chibougamau	2,200	.21	.16	.12	.16
25	61.25	37.50	Cons. Smelters	7,003	45.00	51.87	44.87	51.87

T, U, V, W, Y

Par Val.	Range 1939 High	Low	Company	Sales	Close Sept. 18 (or last)	High for week	Low for week	Close Sept. 25
1	4.70	3.75	Teck Hughes	4,000	3.85	3.95	3.80	3.95
1	.14½	.04½	Temiskaming	2,500	.05	.05½	.05	.05
1	2.30	1.40	Toburn Gold	1,030	1.50	1.65	1.50	1.55
1	.44	.19	Towagmac	500	.30	.30	.30	.30
1	1.65	.65	Uchi Gold	1,300	.70	.80	.74	.74
...	97.75	86.00	do., Bonds	$1,500	87.00	87.12	87.00	87.00
No	5.80	3.75	Ventures	1,458	4.15	4.35	4.05	4.10
No	8.25	5.00	Waite Amulet	3,855	5.80	6.15	5.80	5.90
1	.15	.08	Wendigo	2,000	.09½	.09½	.08½	.08½
No	.01½	.00½	White Eagle	......	(.01 Aug. 31)			
1	.08½	.01½	Whitewater Mines	1,000	.07	.06	.06	.06
1	.08½	.02	Wiltsey Coughlan	1,000	.03½	.02½	.02½	.02½
1	.19	.08	Wood Cadillac	9,700	.11½	.12	.10	.11
No	8.90	6.70	Wright-Hargreaves	4,530	6.95	7.30	6.95	7.30
No	.09	.03	Ymir Girl	2,000	.03	.05½	.03½	.05½

Oil Stocks

Par Val.	Range 1939 High	Low	Company	Sales	Close Sept. 18 (or last)	High for week	Low for week	Close Sept. 25
No	.10	.04	Acme Gas & Oil	3,833	.10	.07	.07	.07
1	.30	.10	Alta Pac. Cons.	800	.21	.24	.23	.24
1	.30	.15	Ajax	6,600	.20	.26	.20	.26
No	1.52	.60	Anglo Canadian	42,535	1.00	1.15	1.02	1.14
1	.15½	.07½	Anaconda	......	(.10 Sept. 18)			
No	.21½	.06	Br. Dominion	2,600	.12	.12½	.10½	.11
No	.33	.13	Brown Oil	51,050	.21	.27	.22	.26½
100	65.00	35.00	Do., pref.	40	35.00	62.00	62.00	62.00
No	2.80	1.11	Calgary & Ed.	28,880	1.98	2.50	2.04	2.45
1	.65	.20	Calmont	22,730	.40	.45	.36	.45
No	.55	.24	Commoil	2,000	.40	.40	.39	.40
No	.36	.21	Common Pete	3,100	.26	.27	.24½	.27
No	.75	.25	Dalhousie	25,825	.52	.70	.50	.68½
No	.60	.18	Davies Pete	16,850	.30	.36	.30	.36
No	.13	.04½	East Crest	7,100	.06	.08	.07	.08
No	.25	.19½	Extension Oil	8,500	.22	.25	.22	.25
25c	.13	.07	Firestone Pete	......	(.09½ bid .10 asked)			
No	1.45	.40	Foothills	5,000	.65	.90	.65	.90
25c	.14¾	.06½	Foundation Pete.	3,300	.11	.12	.10	.11
50c	.08	.06¼	Grease Creek Pete	......	(.08 Sept. 13)			
No	.20	.10	Hargal	......	(.17 Aug. 3)			
No	.25	.08	High Sarcee	13,850	.19	.24	.19	.24
No	3.75	1.23	Home	134,740	2.40	2.95	2.46	2.90
1	.26½	.05	Homestead O.&G.	45,300	.08½	.09½	.08	.08½
No	.23	.08	McD. Segur	4,900	.13½	.17½	.15	.17½
No	.07	.03	Merland	1,500	.04½	.05½	.05	.05½
1	.48	.20	Model	1,500	.27	.32	.29	.32
25c	.12½	.06	Monarch Royalties	500	.09	.08½	.08½	.08½
5	.13	.04	Nordon	......	(.06½ bid .09 asked)			
No	.03½	.01½	Oil Selections	4,500	.02¾	.02¼	.02¼	.02¼
No	1.73	.67	Okalta	18,750	1.08	1.41	1.06	1.37
No	.02½	.01	Olga Gas & Oil	22,000	.02	.02½	.02	.02
1	.12	.03	Pacalta	18,400	.07	.08	.06½	.08
1	.30	.25	Petrol Oil & Gas	......	(.27 bid .50 asked)			
25c	.25	.17	Prairie Royalties	2,100	.21½	.22	.20	.22
No	45.63	26.00	Royalite	3,213	35.50	42.00	35.25	41.50
No	.75	.25	South West Pete.	......	(.35 bid ... asked)			
No	.11½	.04	South End	3,000	.06½	.05	.04	.05
No	1.30	.60	Texas Can	13,750	.85	1.05	.80	1.00
No	.15½	.07	United Oils	500	.09½	.09½	.09½	.09½
No	1.00	.45	Vulcan	800	.55	.67	.52	.67
No	.08½	.04	West Flank	800	.04	.06	.06	.06

Government Bonds

(Supplied by Investment Dealers' Assoc. of Can

Sept. 26, 1939

Dominion of Canada Bonds

% Due		Bid	Ask	Approx. Yld.
1¼ June	'40	98¾	99¼	1.75
4½ Sept.	'40	101¼	102¼	2.00
1 Mar.	'41	98	99	1.67
5 Nov.	'41	104¾	105¾	2.25
1¼ May	'42	97	98	2.25
2 June	'42	98¾	99½	2.20
3 Oct.	'42	100¼	101¼	2.46
2½ June	'43	99	100	2.50
5 Oct.	'43	107	108	2.90
2 June	'44	95¾	96¼	2.72
a2½ Jan.	'44	88¼	89¼†	4.97
4½ Oct.	'44	105¼	106¼	3.10
2½ Nov.	'44	97¼	98¼	2.81
a2½ Aug.	'45	87¼	88¼†	4.75
4 Oct.	'45	102	103	b3.20
4½ Feb.	'46	105¾	106¾	3.32
3½ June	'49	96¼	97¼	3.57
3½ Oct.	'49	98	99	3.62
3½ Nov.	'51	95¼	96¼	3.64
a3 May	'52	97	98†	5.21
4 Oct.	'52	101¼	102¼	b3.62
3 June	'55	92¼	93¼	3.53
4½ Nov.	'56	103¼	104¼	b3.81
4½ Nov.	'57	103¾	104¾	b3.81
3 June	'58	91¼	92¼	3.55
4½ Nov.	'58	104¼	105¼	b3.81
4½ Nov.	'59	104¾	105¾	b3.81
a4 Oct.	'60	84¼	85¼†	5.14
a3½ Jan.	'61	75¼	76¼†	5.05
3½ June	'66	93¾	94¾	3.57
a3e Jan.	'67	72	73†	4.77
a3e Nov.	'68	72	73†	4.72
†3 Perpet'l.		85	86	‡3.49

Dominion Guaranteed Bonds

Can. Nat'l. Railways:

% Due		Bid	Ask	Approx. Yld.
2 Feb.	'43	97	98¼	2.45
2½ Jan.	'46	93	94¼	3.20
3 May	'44	99	100¼	2.88
3 Dec.	'50	92¼	94	3.65
3 Feb.	'53	91¼	93	3.66
3 Jan.	'59	90¼	92	3.57
*4½ Sept.	'51	106	107¼	3.72

% Due		Bid	Ask	Approx. Yld.
*4½ Feb.	'56	107¼	109	3.76
c4½ July	'57	107¼	109	3.80
*4½ June	'55	109	111	3.82
5 Feb.	'54	110¼	112	3.91
*5 July	'69	108¼	110	b3.66
*5 Oct.	'69	111	113	b3.84
*5 Feb.	'70	111	113	b3.87

Provincial Gov't. Bonds

% Due		Bid	Ask	Approx. Yld.
New Brunswick:				
3 Oct.	'51	85	87	4.40
3½ Aug.	'49	88	90	4.50
3½ June	'56	85	87	4.61
c4 Nov.	'47	96	98	4.30
c4½ Apr.	'61	99	101	4.43
c5 Jan.	'60	102	104	4.70
Nova Scotia:				
3 Jan.	'52	89	91	3.92
3½ June	'56	90	92	3.90
3½ Nov.	'50	93¼	95¼	4.00
c4½ Sept.	'52	100	102	b4.20
c4½ Nov.	'60	101	103	4.28
c5 Mar.	'60	105	107	4.47
Ontario:				
2½ May	'45	96¼	98¼	2.79
3 Apr.	'48	93¼	95¼	3.61
3 Nov.	'50	92¼	94	3.67
3½ Nov.	'51	94¼	96¼	3.61
*4 June	'62	99¼	101¼	3.90
4½ June	'50	104¼	106	3.82
*4½ Jan.	'62	105	108	3.96
5 Oct.	'48	107¼	108¼	3.87
*5 Dec.	'60	110	113	4.08
5½ July	'46	108¼	110¼	3.72
Ont. Hydro Commission:				
3 Aug.	48	93	95	3.67
3½ Feb.	'53	94¼	96¼	3.58
3½ Apr.	'47	97	99	3.65
Prince Edward Island:				
3 Oct.	'45	92	94	4.14
Quebec:				
3 Nov.	'47	89	91	4.33
3 Nov.	'51	86¼	88¼	4.22
3½ Mar.	'48	89¼	91¼	4.46

Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Sept. 19, 1939

Industrials:	Bid	Ask.
Acme Farm., p.	14	..
Andian National	33	37
Anglo C. Tel., A	8	8¼
Barrymore, pfd.	17¼	..
B. C. Pulp, c.	22	24
Do., pfd.	45	..
B. C. Sugar	86	..
Burns & Co., A	4¼	5¼
Do., B	2¼	2¾
Canada Tea, pf.	20	24
Can. Co-op. W'l.	6¼	..
Can. G'drich, c.	1¼	..
C. I. L., A c.	225	..
Can. Ing. Rand	134	138
Can. Tube, 1st p.	65	..
Chase, A. W., p.	25	26
Claude Neon, p.	4¼	5¼
Cons. Sales, B p.	..	78
Cope. Flour Unit	6¾	7
Dom. Wooll's, p.	5¼	6¼
Dunlop Tire, p.	20	22
Easy Wash., p. ($10)	..	8
Fed. Grain, pfd.	26	28
Do., com.	2	2¾
Goderich Elev.	7¾	7¾
Guard. Realty, p	..	16¼
Guelph Carp., p.	97	101
Do., com.	10¼	..
Hayes Steel, c.	18¼	20
Do., pfd. ($10)	10¼	11
Hi'land Dairy, p.	74	..
Do., com.	2¼	..
Kingston Sh. un.	13	..
Loblaw Inc., c.	10	10¾
Maritime Tel., c.	13	14
M'row Screw, p.	98	..
Mt. Royal H., p.	3	..
Neilson, Wm., c.	8	..
Do., pfd.	102	..

	Bid	Ask.
N. B. Tel., c.	11	12
N. Meth. Ldy., p	58¼	63
Office Spec., p.	71	..
Ont. Tob., pfd.	22	24
Paterson Wm., p	103	..
Prov. Paper, p.	99	101
Reliance Gr., pf.	36	38
Rob'tson P. L., p	90	..
Rob. Cons. Cone	7¾	8¼
Ruddy, E. L., p.	27	30
Seal O Sac (Can)	3	4
Stand. Fuel, c.	1	2
Do., pref.	45	49
Stedman Br., pf.	55¼	57
Tor. Carpet, c.	18	22
Do., pfd.	52	56
Un. F. Co-op.	2¾	2¾
Un. Steel, A pf.	21¼	22¼
Viceroy, p & rts.	23	24
West. Grain, pf.	5¼	7
West. Steel, c.	6¾	8¼
Weston Hold.	..	6
Trusts & Loan Stocks:		
Brit. Mtge.	150	154
Com. Fin., c.	2¼	3¼
Guaranty Tr.	96¼	100
Guelph & C., $50	52	55
Lambton Loan	32¼	35
London & West.	38	41
Sherbrooke Tr.	120	..
Sterling Tr.	52	60
Traders Fin., B c	8¼	10
Do., A pfd.	..	69
Trusts & Guar.	27	28
Waterloo Trust	99	..
Insurance Stocks:		
Brit. Amer.	52	..
Canada Life	450	475
Confed., 30% pd.	140	150

	Bid	Ask
Crown, fully pd.	255	
Dominion Fire	134	
D. of Can. Gen.	105	
Empire, 25% pd.	..	
Excelsior 32% pd	55	
Federal, 25% pd.	50	
Great-West Life	220	
Halifax Fire	18	
Imperial Life	280	
Manufac. Life	225	
Monarch 10% pd	21	
Sov. 25% pd.	12¼	
Sun Life	325	
Tor. General	5¼	
Western Assce.	48	
Theatre Stocks:		
Allens, King., p.	..	
Do., London, p	..	
Do. St. Cath. p	..	
Do., Tor., p. c.	..	
Mansf. Theat., p.	..	
Midland Prop., p	3¼	
Para. Kitch., p.	..	
Do., Oshawa, c	9	
Investment Trust Shares:		
Can. Investors	5¼	
Deb. & Sec., pf.	70	
Inv. Found. Unit	52	
Sec's. Hold., pf.	17	
United Corp., A	19	
Do., B	10¼	
Power Issues:		
Can. W. N. Gas	23	
Do., pfd.	95¼	
Int. Util., 1.75 p.	15¼	
Do., 3.50 pfd.	34	
Gt. Lakes Pr., p.	97	
Mtl. Is. Pwr., p.	20	
Nor. Ont. Pr., p.	90	

Unlisted Mines

Toronto, Sept. 26, 1939

	Bid	Ask
Adding'n	.03½	.04½
Albany R	.15	.17
Amorada	.01	.02
Anoki	.06	.09
Arjon	.01¾	.02½
Armistice	.01	.02
Argosy	.03	.03½
Area	.03	.03½
Athona	.03	.04
Barb Lar	.01½	.02½
Bere Lak	.18	.21
B Master	.01½	.02½
Bilmac	.02	.03
Camlaren	.01	.02
C Rouyn	.00¾	.01
Cen Man	.03	.04
Cheminis	.02½	.03½
Cochen'r	.43	.46
Coin Lake	.02½	.03½
Crescent	.03	.03½
Crowsh're	.05	.08
Dawson	.01	.01¾
Dayton	.04	.05
Delnite	.78	.85
De San N	.12	.15

	Bid	Ask
Dona Pat	.09	.10
Donwood	.04	.05
Dumico	.04	.05
Elmos	..	.15
Faulkenh	.01	.01¾
Frontier	.01	.02
Galore	.03	.04
Gate Pat	.01½	.01¾
Gold Ga	.15	.17
Granada	.02	.03
Hallnor	6.00	6.75
Hiawatha	.60	.65
Hislop	.00¾	.01½
Hoyle Ne	.16	.20
Hutch La	.02	.02½
Jason	..	.38
Keora	.02	.03
Kaw Crw	.01	.02
Kenricia	..	.15
Kewagam	.02	.04
Kirk Hun	.00½	.01
Lake Duf	.12	.15
Lake Gen	.12	.15
Lardego	.01¾	.02½
Low Pete	.49	.51

	Bid	Ask
Mag Cons	.51	.54
Ma Lake	.11	.13
Mart Bird	.03	.03½
Margaret	..	.12
Mosher	.07	.08
Mylamaq	.01	.02
Nat Mal	.17	.20
Negus	.50	.70
N Am M	1.05	1.10
N Ribago	.01½	.01½
Nick Off	.50	.70
Norbeau	..	.25
Norlake	.01	.02
Oklend	.06½	.07½
O'LearyM	.02	.02¾
Opemiska	.06	.07
Oriole	.01	.01½
Orpit	.02	.04
Ossian	.01	.01½
Pascalis	..	.30
Payore	.01½	.02
Phoen M	.14½	.16
Planet	.00¾	.01½
P Rouyn	.09	.11
Pelangio	.01	.02

	Bid	Ask
Polaris	.30	
Privateer	.85	
Propriet'	1.50	
Presdor	.01¾	
Que Man	.10	
Rand Mal	.03	
R Lake G	.01¼	
Rose Gold	.05	
Sach Riv	7.00	
Skynn Lk	.04	
Smelter	.01½	
Spooner	.04½	
Steep Ro	1.10	
Sunbeam	.06	
Springer	.05½	
Thomp L	.13	
Tonawan'	.00½	
Union Mn	.04½	
Upp Can	.48	
Walk Pat	.01½	
Wells L L	.12	
Westwood	.02	
Win C Rts	.05	
Woco	.07	
Y David	.26	

Montreal, Sept. 26, 1939

	Bid	Ask
Abbeyv'e	.02½	.03½
Brown B	.01	.02
Chibmac	.01	.02
Demp'y	.01	.02
L Lag'n	.03	.05
L Rowan	.02	.03
Leroy	..	.01
Louvre	..	.01½
Obalski	.04	.05
Pan Can	.05	.03½
Routh'r C	..	.03
Tiblem't I	.02	
Valdor M	..	
Warren'e	..	

Winnipeg Stocks

(Transactions from Sept. 18 to Sept. 23)

	Sales	High for period	Low for period	Close Sept. 23
Beresford Lake	500	.16	.16	.16
Beaver Lumber, pref.	25	97.00	97.00	97.00
Crescent Creamery, pfd.	10	12.00	9.00	12.00
Federal Grain, c.	50	2.25	2.25	2.25
Do., pref.	15	23.50	23.50	23.50
Great Falls M. & S.	1,000	.02¼	.02¼	.02¼
Monarch Life	5	22.50	22.50	22.50
Northern Trusts	70	6.00	6.00	6.00
Reliance Grain, pfd.	5	35.00	35.00	35.00
Rice Lake	1,000	.00¾	.00½	.00¾
Sachigo River	45	7.50	7.00	7.50
Traders Building	5	55.00	55.00	55.00
United Grain	14	5.50	5.50	5.50
Western Steel	50	7.00	7.00	7.00
Wingold	1,500	.03	.03	.03
Willson Stationery	40	1.40	1.40	1.40
Do., pref.	10	49.25	49.25	49.25

Stocks Not Traded in During Week*

	Bid	Asked
Beaver Fire	75	..
Beav. Lumber, c.	2¼	..
Can. Indemnity	125	..
Dom. Envelope	2	3
Do., pref.	94	96
Home Invest.	..	13
N. Can. Mtge., pf.	2½	..
North. Mtge.	1½	..
West. Brew.	..	1.50
West. Grain, p.	5	7

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Sept. 26	110,700	75,600	487,000	109,740
Sept. 25	87,000	57,300	434,000	139,358
Sept. 23	34,500	37,200	200,000	74,695
Sept. 22	64,800	47,000	318,000	43,165
Sept. 21	82,800	53,200	312,000	144,343
Sept. 20	63,800	46,600	306,000	71,925

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

September 26, 1939

blic Utility Issues:	Int. Rate %	Due	Bid Sept. 26	Asked	Bid Sept. 19
ssoc. Tel. & T.	5½	'55	76½	80½	74½
eauharnois P.	5	'73	94	98	92½
B. C. Power ..	4½	'60	90	94	88
B. C. Tel.	4½	'61	98	102	97½
algary Pwr. .	5	'60	99	103	99
Do.	5	'64	97	101	97½
Dom. Nor. Pwr.	5	'53	100	103	100
Dom. Gas & El.	6½	'45	91½	95½	91½
Gatineau Pwr..	5	'49	97	101	96
Do. A	3½	'69	89	93	91
Gt. Lakes Pwr.	4½	'56	89	93	..
Int. Hydro-E. .	6	'44	81½	85½	80½
Inter. Power ..	6	'55	97	101	97
MacL'n-Que. Pr.	4	'59	90½	94½	87
Mtl. L. H. & P.	3½	'56	91	95	..
Tramways	5	'41	93	97	93
Do.	5	'55	65½	69½	65
Nat. Lt. & Pwr.	6	'49	89	93	..
N. S. Lt. Pr. .	4	'57	94	98	..
Ottawa H. & P.	4	'57	93	97	..
Ottawa V. Pwr.	5	'59	97½	101½	97
Power Corp. ..	4½	'59	91½	95½	90½
Quebec Pwr. ..		'62	92½	96½	92
Saguenay P. B	4½	'66	96	100	..
Shaw. W. & Pr.	4	'61	94	98	92
Union Gas ...	4½	'50	95	99	94½
United Secs. ..	5½	'52	62	66	..
st. E., ser. A	4	'65	67	71	64
Industrial and Realty Issues:					
Abitibi P. & P.	5	'53	64½	68½	55
cadia Sugar .	4½	'55	97	101	..
Alta. Pa. Grain	6	'46	94	98	93
Atlantic Sugar	4	'51	95½	99½	..
B. C. P. & Pap.	6	'50	74	79	55
Brown Co.	5½	'46	54½	58½	41
Burns & Co. ..	5	'58	63	67	58
Canada Bread .	6	'41	105	108	105
Canada Cement	4½	'51	96	100	95½
Can. Steamship	5	'57	86½	90½	84
Can. Canners .	4	'51	97	101	96
Can. Int. Paper	6	'49	92½	96½	92
Candn. Vickers	6	'47	72	76	69
Consol. Paper .	5½	'61	59½	62½	51
Dom. Stl. & C.	6½	'55	108	112	105½
Dom. Tar	4½	'51	95	99	95
Donnacona P. .	4½	'56	73½	77½	69½
Famous Players	4½	'51	93	97	90
Federal Grain .	6	'49	94	98	93
Fraser Cos. ...	6	'50	96½	100½	94
Gen. Stl. Wares	4½	'52	92	96	90
Great Lakes P.	5	'55	86½	90½	82½
Gypsum, Lime	5½	'48	88	92	87
Lake St. John P. & P.	5½	'61	83	87	78
Maple Leaf M.	3	'58	70	74	69½
Massey-Haris .	4½	'54	88	92	87
McColl-Fron. .	4½	'49	92	96	89
McCormick's ..	4	'52	83	87	82
M. & O. Paper	6	'45	44	48	38
N. S. Stl. & Co.	3½	'63	83½	87½	82½
Price Bros. ...	5	'57	91	95	89
Prov. Paper ..	5½	'47	99	103	98
Reliance Grain	4½	'52	89	..	87
Restigouche Co.	6	'48	91½	95½	90
Simpsons Ltd..	4½	'51	92	96	88
Smith, Howard	4½	'51	97	101	97
Steel of Can. .	6	'40	107	111	108
United Gas ..	5½	'48	99	103	97
United Gr. Grs.	5	'48	94	98	93
Western Grain	6	'49	39	43	36

*Payable in Can. or U. S.
†Payable in Can., U. S. or U. K.
‡Payable in Can. or U. K.
§Payable in U. S. only.

Mining Dividends

		Close Sept. 25	Yield %
Beattie Gold	15c	1.00	15.0
Braiorne	80c+40c	10.00	*12
Buffalo Ankerite	$1	7.25	13.8
Bulolo Gold	$3	18.00	16.6
Can. Malartic	9c	.50	18
Cariboo Gold	16c+5½c	1.70	*12.6
Central Patricia	16c+5c	2.05	*10.2
Conlagas	25c	1.50	..
Coniaurum	15c	1.28	..
Cons. Smelters	$1+$1	51.87	*3.8
Dome Mines	$2	27.00	7.4
Falconbridge	30c	5.00	6
God's Lake	†5c	.37	..
Goldale	†2c	.16	..
Gunnar Gold	6c	.46	13
Hollinger	65c+45c	13.00	*8.4
Howey Gold	3c	.26	..
Hudson Bay	$1.50	29.50	5.1
Inter. Mining	40c	9.87	4.1
Inter. Nickel, com.	$2	47.12	4.2
Island Mountain	10c	.80	12.5
Kerr Lake	15c	.30	..
Kirkland Lake	8c+2c	1.15	*8.7
Kootenay Belle	16c+4c	.63	..
Lamaque Gold	40c+17c	6.10	*9.3
Lake Shore	$4	34.00	11.8
Lava Cap M.	11c	.70	..
Leitch	8c	.69	11.6
Little Long Lac	30c	2.56	11.7
Macassa	20c+7½c	3.85	*7.1
McGillivray Coal	3c	.21	..
McKenzie Red Lake	12c	1.08	11.1
McWatters	10c	.68	..
Moneta	12c	.85	14.1
McIntyre Porc.	$2	48.50	4.1
Nipissing	15c	1.15	..
Noranda	$4	70.00	5.7
North Empire	80c	7.75	10.3
O'Brien Gold	20c	1.70	..
Pamour Porc.	8c	1.70	..
Pato Cons.	10c	2.30	..
Paymaster	2c	.30	..
Perron Gold	16c+1c	1.65	*10.3
Pioneer, B.C.	40c	2.20	..
Pickle Crow	40c	4.00	10
Placer Develop.	$1.20	10.00	12
Premier	12c	1.26	9.5
Privateer Mine	20c+2c	.87	..
Powell Rouyn	†5c	1.50	..
Quebec Gold	†2c	.30	..
San Antonio	14c	1.57	8.8
Sheep Creek	16c+3c	1.15	*16.5
Silbak Prem.	16c	1.05	15.2
Siscoe	12c	.95	..
Sudbury Basin	5c	2.20	..
Sullivan Cons.	6c+1c	.75	*9.3
Sylvanite Gold	20c+5c	2.71	*9.2
Teck-Hughes	40c+5c	3.95	*11.4
Toburn	8c+6c	1.55	*9
Ventures	15c	4.10	..
Wright-Harg.	40c+30c	7.30	*9.6

*Yield including bonus. †Initial.

DIVIDEND NOTICES

IMPERIAL BANK OF CANADA

Dividend No. 197

Notice is hereby given that a Dividend of two and one half per cent (2½%) has been declared for the quarter ending the 31st October, 1939, payable at the Head Office and Branches on and after Wednesday, the 1st day of November next, to shareholders of record of 30th September, 1939.

By order of the Board.

H. T. JAFFRAY,
General Manager.

Toronto, 13th September, 1939.

The Canadian Bank of Commerce

Dividend No. 211

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st October, 1939, and that the same will be payable at the Bank and its Branches on and after Wednesday, 1st November next, to shareholders of record at the close of business on the 30th September, 1939. The Transfer Books will not be closed.

By Order of the Board,

A. E. ARSCOTT,
General Manager.

Toronto, 22nd September, 1939.

Zeller's Limited

Notice is hereby given that the Directors of Zeller's Limited have declared the regular quarterly Dividend of one and one-half (1½) per cent (37½ cents) on the Preferred Shares payable November 1st, 1939, to Shareholders of Record October 14th, 1939.

By Order of the Board,

T. E. McDERMOTT,
Secretary-Treasurer.

Sullivan Consolidated Mines Limited

Dividend No. 6

Notice is hereby given that a dividend of three cents per share, plus a bonus of one cent per share, making four cents in all, has been declared payable October 31st next to shareholders of record October 16th, 1939.

By Order of the Board,

A. ARCHAMBAULT,
Secretary-Treasurer.

Montreal, Sept. 21st, 1939.

Enemies at Home

Who is to Pay Anti-sabotage Costs Becomes Moot Problem

While Ottawa and various provincial officials debate responsibility for payment, the job of protecting vital public services and industrial properties against sabotage has proceeded in all parts of Canada.

Visible signs of this programme are the armed guards parading outside public buildings, public utility plants, railway crossings, etc. Behind the rifles, the floodlights and the barbed wire fencing, a thousand unobtrusive precautions have been taken by business firms, mining and industrial companies to protect property and personnel from sabotage.

Who Will Pay?

Who will pay for this protection? Already Ontario Government officials are complaining at the $1.5 million they estimate they will have to pay annually to maintain anti-sabotage guards on the present basis. It is claimed that this is really a job of national defense and that Ottawa should foot the bill.

By the same token, thousands of small individual firms who feel they should have plant protection but who are unwilling to pay the cost are asking Ottawa to supply men and materials free of charge for this purpose.

So far Ottawa has turned a deaf ear to these pleas. The Government contends it has its hands full looking after larger problems of militia, munitions, home defense, expeditionary forces, etc., and that anti-sabotage precautions, by and large, might well be considered a contribution of local municipalities, provincial governments, industrial firms, etc. Some exceptions to this are the steps taken already by the militia to guard the plants of private firms where vital cable facilities, etc., are concerned.

Some clear-cut statement of government policy would be welcomed as a guide not only for provincial and local governments but also for industry.

Key Points Only

One suggestion made to The Post by an official who has had some experience along these lines is that Ottawa should not be expected to pay for anti-sabotage precautions except at the most vital points. He would include the two or three key producers of base metals; the dozen or more largest power distributing and generating centres, etc. In short, any facility or operation which cannot be duplicated or replaced within a short period and whose destruction would vitally hamper war production.

Smaller power plants, serving only a small area, munition and supply plants (except those that are the sole source of supply); water works systems, etc., are not deemed in this category. The argument is that while destruction of these might cause temporary inconvenience they are not sufficiently vital to warrant being included under national defense.

It is also argued that the Government could arrange to patrol these key spots more cheaply than anyone else by establishing militia training camps at these points and having the regular militia units stationed on patrol duty as part of their regular training. This was done in the last war it is claimed, on at least one vital spot which happened to be adjacent to a permanent militia camp.

Advance Steps

As far back as 1938, quiet conferences were held with officials of so-called "bottle-neck" plants in every part of Canada to ascertain just what precautions should be taken to guard against sabotage in time of war.

The experience of other countries and of the last war was drawn upon. Co-operation with provincial and municipal authorities was enlisted. More especially, those in charge of power plants, mining operations and vital national industries were coached in ways and means of building up "deterrence" to sabotage interference.

When war broke out, well-oiled machinery went quietly and swiftly to work to safeguard the health and wellbeing of Canadian citizens and workmen.

Co-operative Effort

In the background of this nationwide effort is the Royal Canadian Mounted Police. In most provinces its work is done quietly and unobtrusively. Any publicity is left to local or provincial officials upon whom rests major responsibility for co-ordinating private and public safeguards.

In Ontario, for example, the spearhead of anti-sabotage precautions in the province comes directly under Attorney-General Gordon Conant who heads the province's "war council." Thence, responsibility is delegated to a group of able, well-trained provincial police officials, each one charged with a specific responsibility such as, protection of property, protection of personnel, equipment and supplies, investigation and so forth.

Primarily these officials are concerned with protection of provincial property including the vast Ontario hydro-electric system. Upward of a thousand men have already been enrolled and are now on active service at key points.

In addition, these officials are doing an important job of co-ordination in respect of industrial plant protection. These are prepared to swear in guards and act as a clearing house for the supply, not only of guards, but also arms and ammunition where necessary, to private enterprise.

Eventually guarding of public buildings may become a responsibility of the Department of National Defense. At present, this is being done by provincial police where such an organization is available.

Industry's Job

Limitations of provincial aid to industrial firms in the case of Ontario is indicated in a statement given this week to The Financial Post by Attorney-General Conant. Mr. Conant said:

The federal authorities have indicated that they will not undertake precautionary measures or guarding with respect to industrial firms or private undertakings. It is impossible for the province to undertake the same, particularly in view of the very serious burden placed on the province in guarding vital points of general concern and importance.

"It remains, therefore, for industrial firms to set up their own precautionary measures and in connection with same the following suggestions are made:

"1. Guards may be obtained through the local war veterans organizations or through the National Veterans Security Committee, 210 Dundas St. W., Toronto, the head of which is Major C. B. Lindsey.

"2. Terms of employment are set forward in Veterans' Guard Application forms which cover the responsibility of the individual and the province.

"3. Guards wherever possible be placed under the discipline and control of the municipal police.

"4. The province can furnish to responsible firms, on loan, rifles necessary for guarding. These rifles, however, have been obtained from the Department of National Defense and must be returned in due course."

Veterans' Guard

The Veterans' Guard of the Ontario provincial police force has now enlisted 3,000 Great War veterans on full-time duty. Registration of those available but not actually in employment runs into thousands. The actual figure compiled by the National Veterans' Committee for all Canada is 68,000.

The men already employed are on a day-to-day basis, are required to serve in any part of Ontario at a cost of $1.60 per day plus $1 subsistence allowance for single men and $2.20 a day plus $1 subsistence for married men. The province has undertaken to provide insurance on the lives of these men for $3,000. It has also provided accident coverage for injuries received in the course of duty. Proviso is made that contributions of not more than $1.50 a month may be required as a contribution by each man for insurance upon his life.

Precautionary Measures

Apart from stationing of armed or unarmed guards, three chief precautionary measures taken by mining, industrial, communication and utility firms include erection of special fencing; installation of floodlighting outside plants as well as in and about vital inside points; registration of all employees. Protection against possible air attack is also being made in plants which might be vulnerable on this score.

Industrial firms supplying fencing, floodlighting equipment report substantially increased demand for their products not only from essential and so-called war industries but also from a wide variety of industrial plants anxious to take reasonable precaution.

Employee Registration

Many firms have instituted for the first time a complete registration and identification system, especially for plant employees. Typical is the plan of one important company where access to the plants is not permitted now without an employee disc, identification card or special pass. All entrances to the plant are closed except through the main office building where office workers only may enter during the day. At night, even office employees are required to present their identification card.

In large merchandising establishments chief precautionary measures have been to guard dynamos, boiler rooms and other vital points, as well as to increase and strengthen night patrols. Check rooms especially are being watched for questionable parcels.

In some cities, elaborate precautions have been taken to classify and identify employees of large or vital organizations by means of close contact between employers and municipal police.

Ounce of Prevention

The chief air of these precautions is to build up deterrence against enemy efforts to slow down Canada's national production. For the most part these precautions are being taken quietly without ostentation. An ounce of prevention, it is argued, is worth many pounds of cure. Not only must considerable groundwork be done to make initial preparation but the importance of maintaining these controls and deterrents for the duration of war is also stressed.

DIVIDEND NOTICES

The Dominion Bank

Dividend No. 228

Notice is hereby given that a Dividend of two and one-half per cent upon the paid up Capital Stock of this Institution has been declared for the quarter ending October 31st, 1939. The dividend will be payable at the Head Office of the Bank and its Branches on and after Wednesday, the first day of November, 1939, to shareholders of record of the 20th October, 1939.

By Order of the Board.

ROBERT RAE,
General Manager.

Toronto, 14th September, 1939.

The Toronto Mortgage Company

Quarterly Dividend

Notice is hereby given that a dividend of $1.50 per share, upon the paid-up Capital Stock of this Company, has been declared for the current Quarter, and that the same will be payable on and after

2nd October, 1939

to Shareholders of record on the books of the Company at the close of business on 15th instant.

By order of the Board,

WALTER GILLESPIE,
Manager.

7th September, 1939.

Provincial Paper Limited

Notice is hereby given that regular Quarterly Dividend of 1¾% on Preferred Stock has been declared by PROVINCIAL PAPER LIMITED, payable October 2nd, 1939, to Shareholders of record as at close of business September 15th, 1939, in Canadian Funds.

W. S. BARBER,
Secretary-Treasurer.

Toronto, Ontario.

Kerr Lake Shows Increased Profit

Dividend of 10 Cents to be Paid on October 20

Net profit of $31,000 realized by Kerr Lake Mines for the year ended Aug. 31, 1939, represented an increase of 6.6% over the profit of $18,690 for the preceding fiscal year. Earnings per share were 5 cents in 1939 against 3 cents in 1938. Working capital was also higher amounting to $65,134 as at August 31, 1939, compared with $33,425 a year previous.

Kerr Lake Mines is a holding company for 58.3% of the common stock of Rimu Gold Dredging Co., 1,001,000 shares of Vipont Silver Mining Co., and all stock of Kerr Lake Mining Co. Rimu operates in New Zealand and is also interested in the Grey River Dredging Co. in the same country.

Rimu Gold Dredging recovered 12,148 oz. of crude gold in 1938 and 7,384 oz. in the first eight months of 1939. Dividends in the 1939 fiscal year received by Kerr Lake Mines amounted to $63,460. In the first eight months of 1939, Grey River Dredging recovered 7,484 crude oz. of gold.

A dividend of 10 cents per share has been declared by Kerr Lake Mines payable Oct. 20, 1939, to shareholders of record Oct. 5. Last previous dividend was one of 5 cents on June 16, 1939.

Income and Surplus Account Years Ended Aug. 31

	1939 $	1938 $
Divds. & interest	64,107	48,746
Other income	354	1,519
Net income	64,461	50,265
Less: Admin. & gen. ..	15,683	15,790
Taxes	8,665	6,057
Mine examinations .	374	312
Misc. invests. w/o ..	8,739	9,416
Net profit	31,000	18,690
Less: Dividends	30,000	30,000
Surplus for year	1,000	*11,310
Add: Prev. surplus ..	67,346	78,656
Surplus forward	68,346	67,346

*Loss or deficit.

Earnings per Share & Divd. Record:

Earned	$0.05	$0.03
Paid	0.05	0.05

Consolidated Working Capital As at Aug. 31

	1939 $	1938 $
Current assets	78,833	49,039
Current liabilities	13,699	15,614
Working capital	65,134	33,425

DIVIDEND NOTICES

Kirkland Lake Gold Mining Company Limited

Dividend No. 10

A semi-annual dividend of four cents per share and a special dividend of one cent per share (making a total of five cents per share) on the outstanding capital stock of the Company, has been declared, payable November 1st, 1939, to shareholders of record October 2nd, 1939.

The Canadian five per cent tax will be deducted from dividends paid to non-residents.

By Order of the Board,

H. F. CASSIDY,
Secretary-Treasurer.

Toronto, September 22nd, 1939.

General Steel Wares Limited

DIVIDEND NOTICE

Notice is hereby given that a Dividend of $1.75 per share on the outstanding 45,000 shares of 7% Cumulative Participating Preferred Stock of a par value of $100.00 each of General Steel Wares Limited, has been declared, payable on the 16th day of October, 1939, to shareholders of record at the close of business on the 2nd day of October, 1939, being a Cumulative Dividend at the rate of 7% per annum in respect of the three months' period commencing first day of February, 1939, and ending the 30th day of April, 1939.

By Order of the Board,

FRANK S. BROPHY,
Secretary.

Montreal, September 21st, 1939.

Cigarette Price Remains Same

But Number of Smokes Reduced to Absorb New Tax

From Our Own Correspondent

MONTREAL.—As a result of the increase in the excise tax on cigarettes the tobacco manufacturers are reducing the number of cigarettes in the 10-cent, 20-cent and 25-cent packages.

This, they feel, is a more desirable method of passing the tax on to the consumer than raising the price of packages by a cent or two.

The smoker will now buy nine cigarettes for 10 cents, 18 for 20 and 23 for 25. Thus, the manufacturer is absorbing part of the tax increase in the case of 25-cent packages, while on the 20 and 10-cent packages his margin of profit will be somewhat greater. One, it is expected, will offset the other.

The increased excise tax on cigarettes and tobacco is expected to add $8.5 millions annually to revenues of the Dominion.

DIVIDEND NOTICES

Penmans Limited

Dividend Notice

NOTICE is hereby given that the following Dividends have been declared for the quarter ending the 31st day of October, 1939.

On the Preferred Stock, one and one-half per cent (1½%), payable on the 1st day of November to Shareholders of record of the 21st day of October, 1939.

On the Common Stock, seventy-five cents (75c) per share, payable on the 15th day of November to Shareholders of record of the 6th day of November, 1939.

By Order of the Board,

C. B. ROBINSON,
Secretary-Treasurer.

Montreal,
September 25, 1939.

Week in Wheat

Farmers' Wheat Sales Shrink as Price Falls

Deliveries to Wheat Board Increase, However — Higher Prices Before End of Season Generally Expected—Exchange Control Checks Spreading

From Our Own Correspondent

WINNIPEG.—As prices on the Winnipeg market for wheat have sunk close to the level of the Wheat Board initial payment, selling of wheat by farmers has largely dried up, and an increased percentage of deliveries has been made to the Wheat Board. It is still the case, however, that the majority of farmers hope for higher wheat prices before the season is out, and a large percentage of wheat stored in elevators is being held for their account.

Present spread between prices for wheat in Chicago and those on Winnipeg market would seem to offer an inviting opportunity to traders. Spreading transactions, however, between the two markets have practically ceased since the exchange control regulations went into effect, even on the part of those with funds in both countries, which would be available for the purpose. They may increase as the actual operations of exchange control become clearer.

Chicago and Winnipeg

Although Winnipeg prices seem decidedly low in comparison with Chicago some factors tending to establish different levels must be recognized. While there is an export surplus in the United States which presumably will come into competition with Canadian wheat before the end of the crop year, United States prices are not now on an export level. Support for the Chicago market is largely provided at the moment by mill buying against sales of flour for immediate and future delivery. Domestic flour consumption absorbs a very high percentage of the total wheat produced in the United States, and as farmers are determined holders of considerable quantities of wheat, the market is able to maintain itself above the export level and also above the level at which loans are made available by the United States Government.

Furthermore, under war conditions, wheat from the two countries is competitive only to a fairly limited extent. British buying, it is presumed, will be altogether lacking in the United States, as exchange available there will be directed to other purchases. On the other hand, neutral shipping will be available from time to time from gulf and other ports where Canadian wheat and flour are not available, or United States millers may be in a position to make quotations or extend credits when Canadian millers cannot do so.

* * *

U. S. Loan Policy

In addition, the loan policy of the U. S. Government tends to provide a bottom to the market in the United States.

The discrepancy between the two markets is most marked with respect to cash wheat and the near-by futures. While May wheat in Winnipeg is quoted at about 7 cents a bushel over cash wheat, current and future quotations in Chicago are practically uniform. Even at that, the Canadian May would have to be near the dollar mark to correspond with the level in Chicago. That is one fact borne in mind by those who expect to see higher quotations ultimately develop on the Winnipeg market, in spite of present uncertainties as to how soon the expected heavy demand from Great Britain and other countries will commence to make itself felt, and when the shipping situation will permit large-scale movement of wheat.

Congestion of elevator space is now slowing up deliveries of grain at a great many western points. To the farmer and the country elevator operator the situation appears as, and is described as a car shortage, because railway cars cannot be obtained fast enough to keep grain shipped out of country elevators and make way for new deliveries. Actually, however, there is no shortage either of railway cars or motive power. The railways are able to haul grain to the terminal elevators at the head of the lakes faster than it is being shipped out. With eastern facilities pretty well filled up, lakehead terminals have filled, and have been unable to unload grain as rapidly as it has been delivered by the railways.

The wheat crop is proving to be a big one, larger than earlier estimates and probably larger than the highest estimate yet published—450 million bushels. Despite some wet weather it has been harvested and threshed with rapidity.

* * *

Elevator Space Inadequate

To relieve the situation, shipments have recently been directed to interior terminal elevators owned by the Dominion Government at Moose Jaw, Saskatoon and Edmonton. But as threshing proceeds, and the area of heavy shipments moves into northern Saskatchewan and into Alberta, it becomes evident that total elevator capacity of the West will be inadequate to receive grain as rapidly as farmers will want to deliver it. Probably the Canadian Wheat Board will have to direct enough wheat to the Pacific Coast to fill up terminals at Prince Rupert, Vancouver and New Westminster, in spite of uncertainty as to when shipping will be available to take grain from those ports. There are being pressed into service a number of country elevators in southeastern Saskatchewan in the limited area of crop failure, where local production was not sufficient to justify all elevators being operated to handle locally produced grain. Elevators there are being filled up with wheat shipped in from other points.

Were it not for the probable urgent need of freight cars in eastern Canada, as industrial production swings into full activity, the railways might have been willing to fill up with grain many thousand cars to be held on track until an opportunity to unload them occurs. But under existing circumstances the railways cannot afford to do this. The fact that Alberta grain has to be shipped east, by a much longer haul than to Vancouver, which is ordinarily available for the shipment of much of Alberta's crop, puts an extra load on railway services. Ocean shipments from Vancouver have really provided a good deal of storage afloat in previous years, which is lacking this year.

* * *

Storage on Farms

Grain is going into storage on farms to a greater extent than ever before, both as a result of the congestion of country elevator space, and also because farmers are holding wheat in the hope of higher prices. Farm storage, however, is limited in extent. Farmers have not for many years been increasing the capacity of bins on their farms.

Such farm storage is creating a new problem in financing. When farmers put their grain into elevators and desire to hold it, it is a matter of routine for them to borrow money on it from the elevator companies, which in turn borrow it from the banks. But the elevator companies cannot lend money on farm-stored grain. The chartered banks, however, can do so, as they are able to take security under Section 88 of the Bank Act. It is so long since such business has been done in any quantity that both farmers and bankers had almost forgotten that it was possible. But in the next few weeks there is likely to be a fairly extensive demand for such accommodation.

* * *

Exchange Regulations

A minor problem resulting from the control of exchange by the Bank of Canada has arisen in connection with remittances to cover the proceeds of grain to owners or creditors in the United States. In some cases owners of lands or of mortgages who reside in the United States are entitled to crop shares, and, in a few cases, western farms are operated by absentee owners, resident in the United States. In some cases proceeds of grain sales which it is desired to remit across the line represent in essence interest due, which presumably is intended to be allowed under the permit system. In other cases, mainly connected with agreements for sale of land, such payments might mean the export of capital, presumably contrary to the intent of the regulations. As the total amounts involved are not large, the trade expects that general authority to make such remittances may be given.

Yama's Drifting To Start at Once

Will Explore High Grade Section Encountered on 250 Level

Drifting on the new high-grade strike made at Yama Gold Mines last week is scheduled to get under way immediately following installation of the cage in the shaft for this purpose.

The high grade encountered last week in the 250-ft. level crosscut proved spectacular in character and assays of $17,505 are reported. Assays on four samples were 500.15, 466.87, 134.91 and 114.92 oz. gold.

Previous diamond drilling did not indicate this section of ore and the company states that as yet sufficient work has not been done to permit any statement as to lengths or average grade. Meantime, ore is being bagged for shipment.

N. B. Policy Shelves Stumpage Rate Boost

From Our Own Correspondent

MONTREAL. — New Brunswick will not increase its stumpage rates this season, according to an announcement by F. W. Pirie, provincial minister of lands and mines.

This policy has been adopted in order to facilitate Great Britain's wartime timber needs. Mr. Pirie said that the added demand for timber products with present industrial conditions would ordinarily have justified a substantial increase in stumpage rate. By maintaining of the level, the industry will be encouraged to increase production.

Investment Trusts

	Bid	Asked
Affiliated Fund	4.03	4.41
Can. Inv. Fund	4.00	4.40
Can. Amer. Trust	3.40	3.65
All Can. Trustee	11.00	11.75
Grouped Income	5.61	6.20
Trans Canada	12.55	13.55

Lake Grain Rate Now Seven Cents

Movement via Buffalo to New York Shows Increase

From Our Own Correspondent

MONTREAL.—Steamship freight rates on wheat from the Head of the Lakes to St. Lawrence ports has been stepped up one cent a bushel to seven cents. This is the same rate that prevailed during the latter part of the 1938 season.

The freight rate from the lakehead to Georgian Bay ports has been advanced from three cents to 3½ cents a bushel. The rate to Buffalo has been increased from three cents to 3¾ and 4 cents.

Wheat is not moving in any substantial volume from the lakehead to St. Lawrence ports because there is little available storage space in elevators there. However, there has been an upward trend in the amount of wheat moving through Buffalo to New York. One reason for this is that neutral ships for early departure are available at New York.

The increase in freight rates will benefit Canadian Steamship Lines, especially if grain begins to move in large volume.

Municipal Bonds

Sept. 26, 1939

†Halifax ...	5	1961	102.00	104.00	4.70
Hamilton..	5	1950	102.30	104.30	4.50
Montreal ..	5	1945	93.00	96.00	5.87
Ottawa ...	4½	1945	101.90	*103.90	3.75
†Quebec ...	5	1959	100.00	103.00	4.76
Saint John	5	1950	101.00	103.00	4.66
†Toronto ...	4½	1955	99.70	101.70	4.35
†Vancouver.	5	1950	93.00	98.00	5.25
Winnipeg .	5	1944	93.00	98.00	5.50

†Payable Can. and N.Y.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Robt. Simpson ..	*5%	1952	Jan. 1 '40	105
Wood, A. & J. ..	†6%	1944	Oct. 4	103
Can. Cement	†5%	1940	Nov. 1	101
St. Mary's Cement	*6%	1942	Nov. 1	101½
Riordon Pulp ..	*6%	1942	Dec. 31	105

*All outstanding balance. For sinking fund purposes. ‡$26,000. †$750,000. *$66,300.

TORONTO ELEVATORS LIMITED
Also Owning and Operating The Sarnia Elevator Co. Ltd.
Capacity: Toronto, 4 Million Bushels
Sarnia, 3 Million Bushels
The most modern facilities for the storage and transfer of grains, for grain conditioning, and for the production of MASTER FEEDS for Livestock and Poultry. MASTER FEEDS are endorsed and recommended by leaders in the livestock industry of Canada.
QUEEN'S QUAY - - TORONTO

GRAIN MERCHANTS
IN CANADA SINCE 1857
RECEIVERS · SHIPPERS · EXPORTERS
Owning and Operating Terminal, Transfer and Country Elevators
Capacity 12,500,000 Bushels
MEMBERS
Winnipeg Grain Exchange
Chicago Board of Trade
New York Produce Exchange
and other Exchanges
Executive Offices, WINNIPEG •• Private wires connecting offices across Canada
JAMES RICHARDSON & SONS
LIMITED

Commodity Prices

True to form, commodity price indices have been moving upward. Of the five weekly indices used below, four have shown consistent advances in the last few weeks. The fifth, Dow Jones index of commodity price futures, while fractionally below the previous week has held above the level of a fortnight ago.

Reaction in some commodities was natural after the first upsurge. But changes in no instance were large. In the agricultural group, cotton was lower due to plentiful supplies, while wheat has been affected by the lack of convoys yet to take cargoes across the Atlantic. Sugar too has been easier owing to a realization that there is not likely to be any scarcity. On the other hand, hides were stronger. Supplies are not overly plentiful with a big demand for soldiers boots now a certainty.

	Latest week	Previous week	Same week last yr.
Cattle	$8.25	$7.50	$7.00
Hogs	9.50	9.00	10.10
Copper, lb.	.12⅜	.12½	.10⅛
Cotton, lb.	.0908	.0920	.0825
Rubber, lb.	.2190	.2225	.1608
Sugar, raw, lb. ..	.0365	.0369	.03
Silk, lb.	3.13	3.15½	1.78
Wheat, Man. (bu.)	.71⅞	.75⅝	.69½
Coffee, lb.	.05¼	.05¼	.05½
Hides	.16	.15	.11
Weekly Indices			
Canada (D.B.S.) ...	77.4	75.9	74.5
Do., Wood, Gundy	65.8	65.5	55.6
U. S. Labor	79.3	78.4	78.3
Dow Jones (future)	58.77	59.27	47.59
Fishers'	83.2	82.5	80.8
Monthly Indices			
Canada (D.B.S.):			
Retail (July)	83.1	82.9	84.2
W'sale (July)	72.6	73.3	78.6
U. S. (July)	75.4	75.6	78.8
Gt. Brit. (July)	98.1	98.1	100.6

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

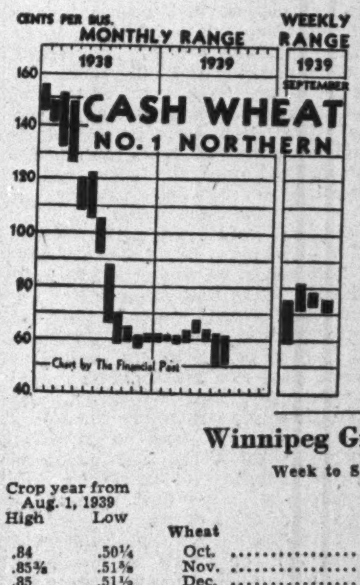
Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper - electrolytic, New York. Silk — Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides — No. 1 packer light.

NEW EXCHANGE MEMBERS

From Our Own Correspondent

MONTREAL. — C. Howard Lewis has been elected a member of the Montreal Stock Exchange. Mr. Lewis is well known in Montreal financial circles and was previously for many years a member of the Exchange.

Wheat Prices



	For Week Sept. 26 High	Low	Prev. Week High	Low
1 Hard	.74⅛	.71⅝	.77⅝	.74⅜
1 Northern	.74⅛	.71⅝	.77⅝	.74⅜
2 Northern	.71¾	.69⅛	.74⅞	.71¾
3 Northern	.69¾	.66¾	.73	.69⅞
4 Northern	.66¾	.62¾	.68½	.65⅜
5 Wheat	.60¼	.56¼	.62	.58⅜
6 Wheat	.56¼	.53¾	.58	.54⅜
Feed Wheat	.55¼	.52¾	.57	.53⅜

Winnipeg Grain Futures

Week to Sept. 26, 1939

Crop year from Aug. 1, 1939 High	Low		Open Sept. 20	High for week	Low for week	Close Sept. 26	Close year ago
		Wheat					
.84	.50¼	Oct.	.74⅝	.76½	.71¼	.71¾	.68½
.85⅜	.51⅝	Nov.	.77⅛	.78	.72⅝	.73¼	.68⅜
.85	.51½	Dec.	.76¾	.78¾	.73⅜	.73⅝	.67⅝
.88	.54⅞	May	.81	.82¾	.77¾	.78⅜	.70½
		Oats					
.45⅜	.26⅝	Oct.	.36½	.37⅝	.34⅜	.35	.31¼
.40	.33¾	Nov.	.....	.36⅞	.33¾	.34	.....
.41	.26⅛	Dec.	.35¾	.36⅜	.32⅞	.33½	.29⅜
.45¾	.27½	May	.36¼	.37⅛	.32⅞	.33¼	.30⅜
		Barley					
.50⅜	.33½	Oct.	.47⅝	.48⅜	.45⅝	.46⅛	.39⅜
.50	.32⅝	Oct. (new)	.46½	.48⅛	.45½	.46¼	.....
.53	.45	Nov.	.46½	.46½	.45	.45	.....
.49⅝	.32⅜	Dec.	.46½	.47½	.45	.45⅝	.39¼
.51⅜	.33⅝	May	.47½	.49¼	.46½	.46¾	.40⅞
		Flax					
1.86	1.26¼	Oct.	1.69	1.86	1.69	1.79	1.40½
1.73	1.55	Nov.	....	1.73	1.64	1.72½	.....
1.76	1.23¾	Dec.	....	1.76	1.63¼	1.71¼	1.41
1.81	1.54	May	1.69	1.81	1.69	1.73	.....
		Rye					
.60¾	.36½	Oct.	.58⅛	.60¾	.57¼	.59½	.44¼
.62½	.52	Nov.	.....	.59	.57¾	.58½	.....
.61	.37½	Dec.	.57½	.59⅜	.56¾	.57½	.45⅛
.65	.40	May	.60	.60¾	.57¾	.57⅞	.46⅞

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MONTREAL, QUE.

Ontario's Succession Duties

Revised Legislation Meets Criticism—
Charge Court Protection Denied

Ontario's new succession duties legislation, after a stormy passage through the provincial Legislature appeared this week to receive severe criticism from opponents. They saw in it, encroachment on civil privileges.

It appears certain that the Opposition will attack the bill at the next session of Legislature. It is considered probable that it will be contested legally.

What the new act has done in simplifying the previous act was outlined in The Financial Post last week before the final draft was available. The bill has been out but a few days, but it seems that its lot will be no happier than its predecessor.

Unrestricted Power

Opponents of the measure declared that the new act was hastily and badly prepared; that it:

1. Gives unrestricted power to the treasurer's department and denies anyone the protection of the court.
2. Appeal is impaired by treasurer's requirement of deposit.
3. Persons who have no connection with the estate may be called upon to provide information.
4. Finality, through shortcomings in terminology of the bill is not assured.
5. By taxing 50% of charitable donations, incentive to leave money to charity is largely removed.
6. Persons who fail to disclose property through no fault of their own are subject to penalty.

Gives Wide Powers

Major objection to the bill is the very wide power, which is contained in section No. 27. This section reads:

"The powers conferred on the treasurer, any special investigator or any commission shall not be restricted in any manner either as to person, as to subject matter of enquiry or otherwise and such powers may be exercised whether or not any duty has been paid and whether or not any duty, interest and penalties are or may be due or payable under this or any Act in force at the date of death of the deceased and no person shall be excused from giving any evidence, answering any question, furnishing any information or producing any document, record or thing on any such examination, investigation or enquiry on the ground that such evidence, question, information, record or thing may not be relevant thereto."

Denied Recourse to Law

This section, in effect, denies anyone recourse to law, and upsets all rights of the individual as defined in the Magna Carta, the pillar of legal structure, it is claimed. Any person at any time or place may be called upon to give evidence on any subject investigating authorities may deem necessary.

Further objection is raised to the fact that under Section 41, the treasurer's department may delegate anyone in the department to investigate estates, whether that person may or may not be trained for the job.

The Act also provides that anyone making an appeal shall pay to the treasurer any part that the treasurer may require of the amount of duty and interest claimed to be payable by the appellant.

This means that before anyone takes an appeal to court he must place an amount deemed necessary, which might be the full amount of the claim, with the treasurer before he is given the privilege of appealling.

Critics contend that this invalidates the remainder of the section, and term it "a device to prevent appeal."

Refute Finality Claim

Observers object to the fact that the treasurer is empowered by section 25, subsection 4 of the bill, to appoint any persons to supply information and produce any document. Anyone may thereby be called upon to testify who has no connection whatsoever with the estate if the investigator so desires.

Opponents of the measure refute the Government's claim that finality of settlement is made effective by the bill.

The bill reads that "Where the material and information furnished to the treasurer is full and true in all respects and contains all facts necessary for the purposes of this Act, then notwithstanding anything contained in this or any other Act, no claim shall be made against any person for any duty, interest and penalties for which such person is liable after the expiration of six years from the date of payment . . ."

It is pointed out that the finality of settlement rests upon the interpretation of "full and true" information.

This section of the Act also says that nothing contained in the section shall limit powers conferred by the previous section. The previous section in turn states that the Government may proceed to collect any "duty, interest or penalities which should have been paid under this Act or under the provisions of any Act in force at the date of death of the deceased which are by this Act made applicable."

Charitable donations which have up until this act been exempted from succession duties will be exempted only to 50% of value of the property under the new act.

Referring to this feature, The Ottawa Journal states: "There is another provision in it which justifies extreme criticism; indeed, prompts the suggestion that the Government bill should be entitled The Succession Duties Extortion Act."

Tighten Gift Giving

Bequests to the Canadian National Institute for the Blind or the Canadian Red Cross Society are exempted from death duties, as well as any patriotic organization in Canada which receives the written approval of the Secretary of State of the Dominion.

Gifts made over 30 years before date of death are exempt, no matter to whom the gift was made. There was no time limit in the former act, and gifts not specifically exempted were taxable back to July 1, 1892.

Gifts to relatives in the future, made not more than 10 years prior to death are still exempt, but the gifts are narrowed to those made to members of the immediate family. Husband, wife, father, mother, brother, sister, son, daughter, son-in-law or daughter-in-law, or any person adopted while under the ages of 18 years are considered the immediate relatives. Grandchildren, nephew, or nieces, and other collateral relatives, who hitherto have been eligible for succession duty-free gifts are now excluded from exemption.

Surtax Raised

There has been no change in the duties levied on estates by the Government, surtax on taxable bequests have increased, however. Surtax on property passing to collateral relatives is increased to 20% from 15%. Surtax on property passing to strangers is raised to 25% from 15%.

It is also pointed out by critics that any person who fails to disclose to the Government any property passed on is subject to penalty, whether this action is merely an oversight, lack of knowledge or a deliberate act of fraud. It is contended that penalty should be imposed upon only those who fraudulently fail to disclose property.

Cite Death Duty "Fraud" Charges

Province wide and in some cases Dominion wide interest was created over last week end, by the long threatened issuance by Premier Hepburn of Ontario of reports on estates from which extra succession duties have been collected. Reopening and investigation of such estates allegedly disclosed planned fraud, concealment, deliberate undervaluations, or errors in computing assessable assets.

Reports of the succession duty department and its investigators on 30 of the cases resulting in increased assessments were tabled in the Ontario Legislature and released for publication. The reports were brought down by Premier Hepburn in response to insistence of Col. George Drew, provincial Conservative leader, that the Premier carry out his avowed intention of issuing data cases reopened, probed and re-assessed.

Submission of the information featured the Legislature debate on the new Succession Duty Act, which, as passed, gives Government agents still more sweeping powers to investigate estates and levy increased duties. Strenuous objections and demands for information by the Conservative opposition produced tabling of the 30 reports and a promise that details of all cases would be issued. However, complete reports had not been tabled when the emergency war session of the Legislature adjourned.

Strongly Worded

In many cases the reports tabled were strongly and critically worded, and were accompanied by comments sharply censuring the conduct of executors and heirs, and even the pre-mortem actions of the deceased individuals involved. Many of the reports were tinged with sarcasm and triumphant satisfaction at having tracked down the alleged frauds.

Despite the one-sided and disparaging nature of nearly all the reports, and newspaper publication of summaries in Toronto, Windsor and other centres, issuance of the data by the Premier was greeted by stony silence from executors and heirs of estates named. As far as The Financial Post can ascertain, however, this is far from illustrating the traditional axiom that "silence gives consent."

In most cases those handling estates still feel that they acted in good faith and followed legal procedure, even if they were frankly seeking to keep down the amount of duties duly payable. They insist that, in any event, there are extenuating circumstances and counter arguments which have been omitted from the reports issued.

Avoid Controversies

But approach by The Financial Post to executors of majority of the estates involved was met without exception by refusal to comment or issue a reply. In almost every case the argument was advanced that no good purpose would be served by reviving publicly controversy that had been already fought out privately and ended by the supplementary settlements indicated. In some instances, fear was expressed that issue of a reply might result in retaliation and levy of additional duties on the estate.

While Premier Hepburn stated that the 30 cases covered were "chosen at random" from the succession duty department files, it was noticeable that the list included estates of men whose names are still well known in Ontario and elsewhere in Canada. Among such names are those of Sir John Eaton, Sir John Hendrie, Hon. Wallace Nesbitt, J. R. Booth, J. W. Seagram, R. Home Smith, Herman Heintzman, R. W. Leonard, and Henry Corby.

$10.5 Millions Extra

Total of over $26 millions has been collected from the estates listed, of which close to $10.5 millions represents additional duties and penalties obtained after reassessment. This extra amount represents approximately half of the additional levies collected since the present Ontario Government launched its campaign of rechecking closed estates.

Following is a condensed summary of the data and allegations embraced by the detailed reports filed in the Legislature, listed according to the size and additional collection made. In each case, the amount of the original levy and the additional settlement is given.

Only 29 cases are covered below. The thirtieth case is that of the Kaufman estate, in which a court injunction obtained by executors blocked the settlement sought by the province. It was this case which led to passage of the new statute giving broader powers of investigation.

Booth Estates

Original duty	$5,855,421
Additional	3,000,000

The additional collection was the result of investigation into two estates of members of the family of the late J. R. Booth, Ottawa lumber king. One estate was stated to have been made up of assets of approximately $8 millions and of gifts made prior to death approximately $13 millions. "As a result of the investigation it was found that assets had been omitted and that there had been a failure to report gifts in the amount of $3,275,000 to members of the family, etc.," the report said.

Revaluation of the company owned by the deceased and of stocks and bonds together with the undisclosed assets and gifts increased the total value of the estate by $8,537,600, according to the report.

Wallace Nesbitt

Original duty	$ 472,547
Additional	1,549,252

Enquiry started through probe "into the practice of various brokerage houses in connection with the handling of various succession duty-free bonds of the Province of Ontario."

John McClary

Original duty	$145,000
Additional	700.000

The additional duty collected was assertedly based on non-disclosure of gifts to various members of the family, aggregating $482,000 and through revaluation of stock of the company.

The value of shares in the company was increased by $2.5 millions.

Spencer Estates

Original duty	$212,191
Additional	660,000

Investigation allegedly disclosed that millions of dollars of bearer investments of different types had been withheld from the estate assets and that large gifts of similar bearer securities had been made to various members of the family and not reported for succession duties.

Ellen Smallman

Original duty	$ 32,112
Additional	627,722

Investigation here disclosed, the report claims, that bearer investments of approximately $2 millions were withheld from the estate assets as reported to the succession duty office. As a result of the departmental investigation the Crown is estimated to have recovered an amount almost 20 times the amount which had originally been paid at the time of probate.

Sir John Eaton

Original duty	$6,388,386
Additional	542,666

The report on this case advanced the allegation that associates of the deceased acted under power of attorney and purchased succession-duty-free bonds to the value of more than $1.6 million. The power of attorney, says the report, was given many years before Sir John's death, but was used to purchase bonds without Sir John's knowledge, between the time he was stricken with his final illness and the time of his death.

Furthermore, the report contends, many of the bonds so purchased had not actually become the property of Sir John at the time of his death.

J. W. Seagram

Original duty	$296,144
Additional	450,000

The department maintained in its report that in this estate three quarters of a million dollars worth of succession duty-free bonds had been bought with funds borrowed from the bank and that the estate also claimed exemption on the bank borrowings. Finally it was argued that there was an increase in the value of stock of approximately $2 millions.

E. W. B. Snider

Original duty	$ 16,695
Additional	375,000

This estate was taxed at an aggregate value of $296,000, but after investigation this was increased by almost $1 million. Almost all of this increase was made up of gifts to children not disclosed to the department, the report says. The deceased assertedly had given away two thirds of his estate and the executors failed to disclose it to the department, which, after investigation, collected almost 23 times the original duty.

C. S. Boone

Original duty	$ 76,369
Additional	275,000

Gifts to one son of $500,000, and gifts in total to the family amounting to $850,000, were claimed to have been omitted from the returns submitted to the Succession Duty Department. There was also a substantial bank account and a large amount of cash on hand which was not reported, says the official statement.

T. S. Hobbs

Original duty	$264,000
Additional	235,000

The department stated that in this estate a number of assets, in the form of insurance policies, a half-interest, amounting to $25,000, in a company, and numerous gifts inter vivos had not been disclosed.

Sir John Hendrie

Original duty	$201,038
Additional	200,000

Assets of approximately $50,000 and gifts of $400,000 were not disclosed to the department. It was also necessary to revalue disclosed assets and gifts.

Herman Heintzman

Original duty	$123,631
Additional	200,000

Investigation of this estate resulted in claim that the aggregate value was undervalued to the extent of $532,000. Undisclosed gifts amounted to $117,133, and assets of $90,702 were not reported, the statement says. Company shares were taxed by the Succession Duty Department at $190 per share, but after adjusting investments and real estate to correct market values, the shares were found to have a value considerably in excess of $400.

Cowan Estates

Original duty	$ 92,000
Additional	200,000

Investigators increased the value of the estate by a total of $1,104,000, of which $700,000 was said to have been an undisclosed gift to a son who was the sole executor.

Sarah Pedlar

Original duty	$ 9,900
Additional	195,000

The estate was originally taxed at a value of $151,000, and as a result of investigation was increased to $1,639,522. Undisclosed gifts to members of the family approximating $1,400,000 were found. Two executors received gifts amounting to $654,000 and did not report them, asserts the report.

J. W. Hewetson

Original duty	$ 18,778
Additional	153,000

Less than two years before his death the deceased transferred the major portion of his assets to his children, the report says.

There were 320 shares remaining in the company as yet unissued. He transferred $32,000 in cash to his children and for this sum issued among them 320 shares at $100 per share. The gift of cash of $32,000 was declared in Succession Duty affidavits, but what in reality was declared as a gift of $32,000 was a gift in value of almost $1 million, the department contended.

John Bingham

Original duty	$ 93,274
Additional	125,000

This estate, the department reported, embraced $150,000 of bearer bonds which were held by the bank. This entire block of bonds was not reported in any manner when succession duty affidavits were subsequently filed, the report declares.

Scholfield Estates

Original duty	$320,000
Additional	100,000

Investigation of this group of three estates revealed, according to the department, that assets and gifts of several hundred thousand dollars had not been reported.

R. Home Smith

Original duty	$175,000
Additional	100,000

A large part of the additional duty collected was due to a revaluation of a listed stock. The stock was listed on the exchange as a mining and security company; it was in reality, the report claims, a holding company for investment securities. The deceased had a very large majority interest and was president of the company.

William A. Mitchell

Original duty	$120,145
Additional	100,000

In this estate the department reported that the additional duty was imposed on gifts amounting to a quarter of a million dollars to various members of the family about a year prior to death, but not reported.

Robert Young

Original duty	$ 9,908
Additional	100,000

The probate value of this estate, the Succession Duty Department stated, was $486,000.

Investigation by the department increased this figure, it was declared, by $469,000. This was made up of a number of undeclared assets and a very substantial amount of gifts which were not declared.

William G. Wright

Original duty	$ 3,296
Additional	$86,000

The deceased was a money lender and accumulated quite a handsome fortune. During his lifetime he transferred a great number of mortgages and purchased a number of debentures in the name of his wife and family, thus disposing of most of his estate by a gift before he died, the department report stated.

Woodruff Estates

Original duty	—
Additional	$81,500

This investigation, the department reported, covered a family group and revealed many assets and gifts which had not been reported to the department.

Hamilton B. Wills

Original duty	$37,182
Additional	80,000

The deceased had accumulated during his lifetime a large number of securities in bearer form.

Following this man's death his estate was reported without any reference to these securities, says the report.

R. W. Leonard

Original duty	$613,187
Additional	79,614

The additional duty in this case, the Succession Duty Department revealed, was made up almost entirely by taxing gifts which had not been previously disclosed. The gifts were very numerous and consisted of cash, bonds and property.

Henry Corby

Original duty	$117,489
Additional	50,000

It was necesary in this estate, the report claims, to revalue two classes of bonds, resulting in a substantial increase.

Edwin Mills

Original duty	$29,054
Additional	50,000.

The department made an additional assessment based entirely upon revaluation of the estate, the report stated. "As an example, we found one piece of property carried on the books at $180,000, which had been sold three months before the death of the decedent for $400,000."

Mary S. Malloch

Original duty	$32,227
Additional	50,000

This case, according to the departmental report, was almost entirely based on revaluation of shares and bonds owned by the deceased.

W. D. Long

Original duty	$241,305
Additional	38,000

In this estate large sums were unreported by the trust company which acted as executor, the report stated; adding that "despite the facts the trust company allowed the estate to be liquidated, the bulk of which left the country, prior to the department's investigation."

J. P. Tisdale

Original duty	$10,750
Additional	22,994

The Succession Duty Department reports that the additional duty in this estate was collected upon gifts which were not declared.

A MANUFACTURER

on the subject of War and Advertising*

•

WE do not propose to repeat the mistake we made during the last war. We became so busy in patriotic and profitable war work, we forgot our customers. As a result we lost considerable good will and actually there was one United States manufacturer who established a plant in this field, and another who established a sales agency, which competition we have had to face ever since.

"We propose to maintain our advertising schedules in the trade and technical papers and in The Financial Post for two reasons. First, we wish to emphasize to our purchasers that we are a 'going concern' interested in looking after the interests of our customers and prospective customers so far as is humanly possible. And, secondly, we recognize the very great importance of the technical and trade papers in educating personnel, including the up-and-coming apprentice. Moreover, the good trade and technical papers are strong factors in giving editorial leadership in many complex problems affecting industry arising out of the war situation.

"Similarly, we value a paper of the calibre of The Financial Post in the intelligent and courageous leadership it has given and can give in our great present national effort. I pay tribute to the leadership of your company in relation to much-needed changes in the Department of National Defense. Your company is a most powerful ally to business and to sound government and to the Canadian people at this time.

"There is another reason why we are continuing to advertise. We wish to endorse strong media which will be playing a very important part in the 'war of words' which will be going on, not only during the war but in the complex situations which will arise after the termination of the war, when there will be great need of strong and steady and farsighted leadership. We wish to play our part that your papers may maintain their organization and strength unimpaired for the present situation and that which will arise after the peace.

THE FINANCIAL POST
Toronto - Montreal

"Life is a long journey and all of us have a job to do to maintain our good customer relationships and to build for the future."

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*A statement made by a prominent manufacturer to The Financial Post.

Canada is at war. But the Canadian people will continue to purchase in abundance the necessaries of life and other products essential to their maintenance of accustomed high standards of living. And alert manufacturers and distributors, having an eye for the future as well as the present, will continue to cultivate acceptance of their products in the Canadian market.

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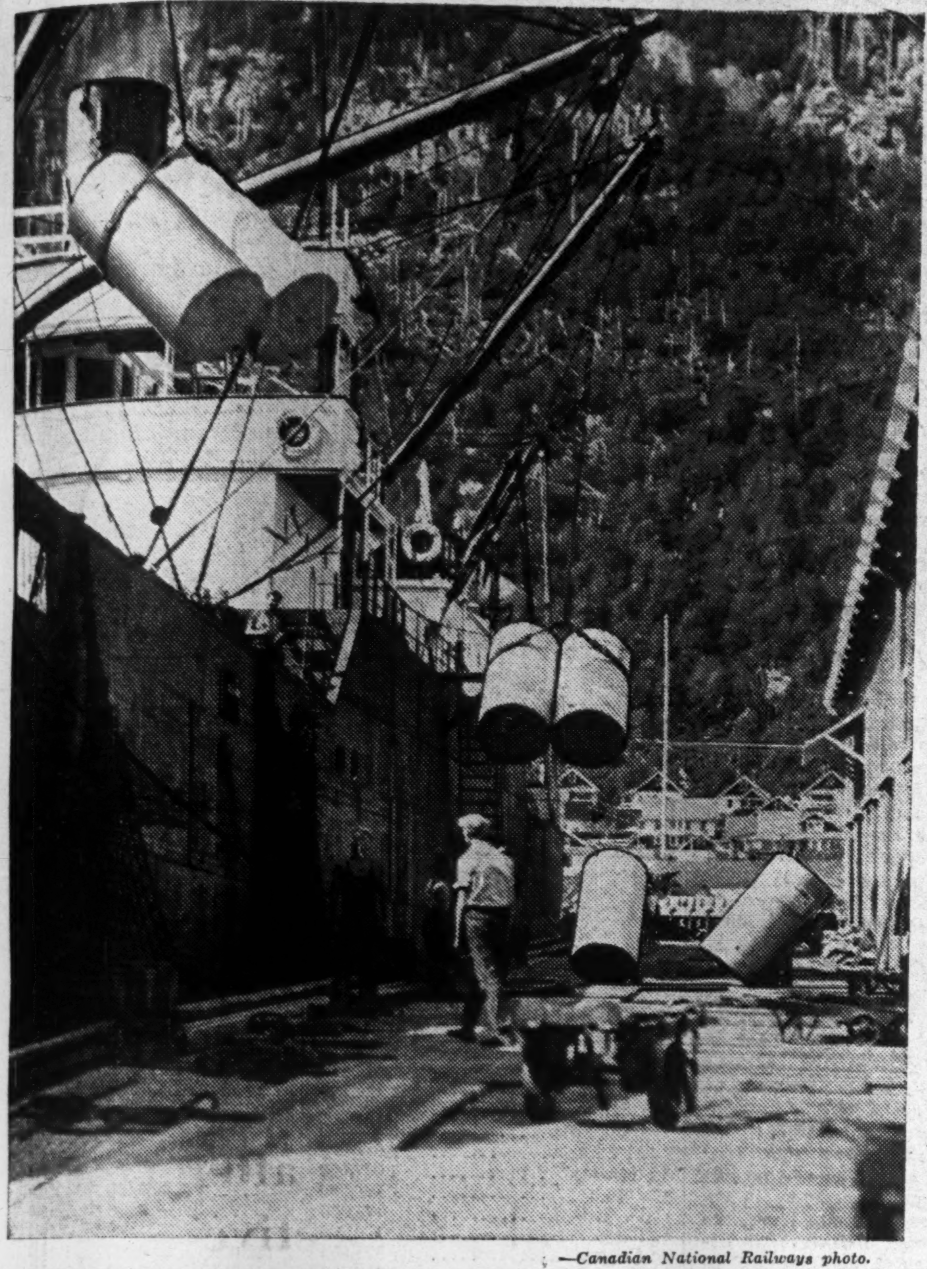
War Widens Pulp and Paper Markets



—Canadian National Railways photo.

Canada leads the world in exports of newsprint. Loading ocean freighter at the Pacific Mills plant at Ocean Falls.

Disruption of World Newsprint Markets Emphasizes Strong Canadian Position

By JOHN LANGDON
Eastern Editor, The Financial Post

Newsprint paper is a world commodity. War brings a disruption of markets. Shipping facilities become limited. Shipping costs jump to fantastic heights. Supplies become irregular. Production costs advance. Currencies fluctuate from day to day. Consumption in one country may become limited because of restricted size of papers or inability to finance purchases. In others the demand may expand to hitherto unapproached levels. It follows that there is a re-alignment as between producer and consumer. Changes that may be of a temporary nature tend to become permanent.

What effect will war have on Canada's newsprint industry? Thousands of holders of newsprint securities are asking themselves that question.

The war will bring increased business for Canadian newsprint companies. But the industry, fortunately, is not concerned so much with taking advantage of wartime conditions to swell revenues as with laying a groundwork which in future will enable the operators to carry on their work on a sounder basis than has been the case in the past.

Two Exporting Groups

There are two great exporting groups in the newsprint business: Canada and the Northern European countries. The latter include Finland, Sweden, Norway and Germany. They operate under somewhat similar conditions and bear to each other much the same relationship in world markets.

Under war conditions it becomes obvious that the ability of Norway, Sweden and Finland (Germany is automatically out of the export market, at least to non-European countries) to maintain their position in the world newsprint market becomes an extremely difficult one.

Canada, on the other hand, because of her geographical position, is in a position to maintain supplies to her customers. Also she is able to take care of a greatly increased demand both from existing customers and those now supplied by the Scandinavian countries.

Opportunity for Canada

Therein lies the opportunity for the Canadian newsprint industry. It is of tremendous importance. A large percentage of the world publishing business may have to rely upon Canada for its paper requirements. This dependence, coupled with a rising commodity market, make it apparent that the Canadian industry stands to benefit by war conditions.

But it is not all so simple as that.

It must not be forgotten that in recent years the newsprint manufacturers in this country have been faced with many problems; problems intimately linked up with the present situation. Our relations with American customers have not been all that they might have been. There has been a tendency in the States to secure an increasingly larger share of their requirements from other countries. In many instances the Scandinavian countries have been favored, not only because the American publisher disliked the policy of the Canadian industry but also because the Scandinavian publisher was underselling the Canadian product by a substantial margin. The price policy of the Canadian operators also resulted in the diversion of a large amount of South American business to Northern Europe. The Sino-Japanese war practically eliminated the Oriental market. On the other hand markets within the Empire have been developed to a greater extent. The net result, however, was to show a minor but unhealthy trend as to the position of the Canadian industry in world markets.

This state of affairs has been a problem to the Canadian industry. It has meant restricted operations, sales and earnings. The war promises a change for the better. Now the industry is in a position where it can, to a very large extent, dictate terms. It could, if it wished, jump the price of newsprint. It could profiteer at the expense of publishers in other countries who must look to Canada for their newsprint supplies.

Profit by the Past

The lessons of past years have not been forgotten. The manufacturers in this country not only appreciate the opportunity now before them, but also the responsibilities which have been put on their shoulders. In recognition of this they have laid down a policy which cannot but react to the benefit of the industry.

Early this month Charles Vining, president of the News Print Association of Canada, in a statement setting forth the war policy of the industry, said:

> "Canadian newsprint manufacturers today realize their duty and responsibility in supplying a commodity of vital wartime importance in the dissemination of news and public information and they wish to give assurance that this realization will guide their conduct . . . will meet the wishes of their Government by avoiding any attempt to profiteer and will make every attempt to maintain stabilized conditions of continuous supply and to discourage methods of buying and selling which might cause a disorderly market."

The announcement was followed later by the fixing of prices for the first quarter of 1940 at the same level as set for 1939.

Better Type of Leadership

This broad-gauged policy of the industry bespeaks a type of sound leadership which, only too often, has been missing in the dealings between the manufacturers and their customers. It is convincing evidence that the operators do not intend to profiteer. It is, moreover, a gesture of consideration which cannot but help to improve customer-relationship.

Maintenance of the price schedule for the first quarter of 1940 may be regarded in some quarters as disappointing. On the other hand, this move by the Canadian manufacturers is an extremely farsighted one. Over the next few months American and other publishers, who have been buying from Scandinavian countries, will have to give serious consideration to future newsprint supplies. The co-operative spirit shown by the industry will undoubtedly bring to Canada a considerable volume of "border-line" business.

Where Industry Stands

The matter uppermost in the minds of holders of Canadian newsprint securities, is how much additional business Canadian mills will get and what is likely to be the trend of profits. Before attempting to answer these questions, it is advisable to examine the current position of the industry.

The Canadian industry has a productive capacity of 4,300,000 tons. About two thirds of that capacity is now being used. In other words this country, if called upon, could produce possibly an additional 1,000,000 tons annually.

Not only could Canada take care of all the Northern European export trade, but it would have a surplus of capacity available to take care of an expansion in consumption over and above present requirements of very close to 500,000 tons.

It would not be feasible to operate the present equipment at 100% of capacity, but there is no reason for the United States or any other country for that matter to feel that there might be an immediate shortage of newsprint.

A temporary shortage is a possibility if there is an unnecessary accumulation of stocks. But if publishers co-operate with manufacturers in regulating deliveries, Canada's newsprint industry can take care of a largely increased trade in this commodity without undue strain on its resources.

The highest output ever reported by the newsprint industry in this country was 3,647,000 tons in 1937. That was an abnormally high figure. It did not truly reflect consumption. Much of this tonnage was accumulated at the expense of operations in 1938, when output dropped to 2,625,000 tons.

Operations Move Forward

Operations have slowly mounted this year. At the end of August production totalled 1,805,669 tons, as against 1,682,720 tons for the same period last year. At the same time shipments increased from 1,540,657 tons for the first eight months of 1938 to 1,752,448 tons for the like period this year.

The recovery of the Canadian industry has been satisfactory, even though of moderate proportions. But it has not been as pronounced as in Newfoundland, the United States or the Scandinavian countries. In other words Canada has lagged behind.

Over 80% of the total Canadian output is marketed in the United States. An examination of that country's requirements and its sources of supply emphasizes that recovery has not been as marked here as elsewhere:

U. S. Receipts of Newsprint (January to June)

	1939 Tons	1938 Tons	1937 Tons
Domestic mills	471,888	393,954	470,735
Canada	1,000,330	885,405	1,362,239
Europe	159,387	117,508	139,780
Newfoundland	33,182	36,439	44,574

It will be noted that U. S. domestic supply for the half year was greater in 1939 than in 1937; imports from Europe were up relatively substantially. Newfoundland recorded a decline, but the largest loss was reported by Canada.

The picture is complete with an examination of Canada's exports to countries other than United States. The percentage decline is comparatively sharp. The figures, however, do not tell the full story. For example, they do not indicate that the Far Eastern market has diminished to negligible proportions; that we have lost the South American markets to the Scandinavian producers, or that our sales in many other markets have shrunk appreciably due to severe competition. At the same time they do not show the sharp increase in sales to the Antipodes market as a result of the agreement made to supply practically all of Australia's newsprint requirements, nor the maintenance of the English market.

Canada's Exports to Overseas (January to August)

	Tons
1939	293,929
1938	309,993
1937	357,567
1936	380,082
1935	324,392

Canada's position in the world newsprint market has been slipping. The decline, admittedly, has not been especially heavy but nevertheless the operators in this country have not been able to hold their former status in the world markets, with the exceptions noted.

That is the situation at this time. The industry has made a moderate recovery from the disruption of the market created by overproduction in 1937, but the outlook did not call for any undue optimism.

New Situation Arises

Now the situation is altered. The Canadian industry is more efficient than it has ever been. It has an adequate supply of wood to take care of its requirements for the next nine months. It has idle capacity to take care of a considerable expansion in business. The price has been set for the first quarter of 1940 and the industry has laid down a non-profiteering, co-operative policy designed to strengthen its customer relations.

How then will the industry benefit by war conditions? The first consideration is the possible changes in present world marketing of newsprint: expansion and contraction.

Last year there were 7.5 million tons of newsprint paper produced in the world and 3.6 millions were exported from surplus countries.

Following is a list of the major export countries:

Major Exporting Countries

	Tons Exported in 1938
Canada	2,425,000
Finland	404,000
Newfoundland	272,000
Sweden	176,000
Norway	166,000
Germany	101,000

The principal importing countries follow:

Major Importing Countries

	Tons Imported in 1938
United States	2,274,000
United Kingdom	526,000
Australia	219,000
Argentina	129,000
New Zealand	44,000
Brazil	43,000
British India	28,000
Mexico	24,000
Br. South Africa	23,000

From the foregoing it will be seen that there are three principal exporting groups: Canada, Scandinavian countries and Germany. On the import side, we have the United States, England, South America, Australasia, etc.

Scandinavian Paper Situation

The position of the Scandinavian countries in relation to the United States and South American markets is set out in the following tables:

European Newsprint Shipments to United States in 1938

Country	Tons
Finland	151,000
Sweden	62,000
Norway	13,000
Total	226,000

European Newsprint Shipments to Central and South America in 1938

Country	Tons
Finland	69,000
Sweden	49,000
Norway	56,000
Total	174,000

Some thought also should be given to Scandinavian shipments outside of these two main markets. Detailed reports show the position of each of the three countries in the main market groups:

Finland Newsprint Exports in 1938

To:	Tons
United States	151,000
South America	69,000
England	100,000
Europe	63,000
Egypt	5,000
Asia	10,000
Australasia	6,000
Total	404,000

Swedish Newsprint Exports in 1938

To:	Tons
United States	62,000
Mexico	9,000
South America	40,000
England	23,000
Europe	30,000
Africa	6,000
Asia	6,000
Total	176,000

Norway's Newsprint Exports in 1938

To:	Tons
United States	13,000
South America	56,000
England	20,000
Europe	44,000
Africa	4,000
Asia	28,000
Australia	1,000
Total	166,000

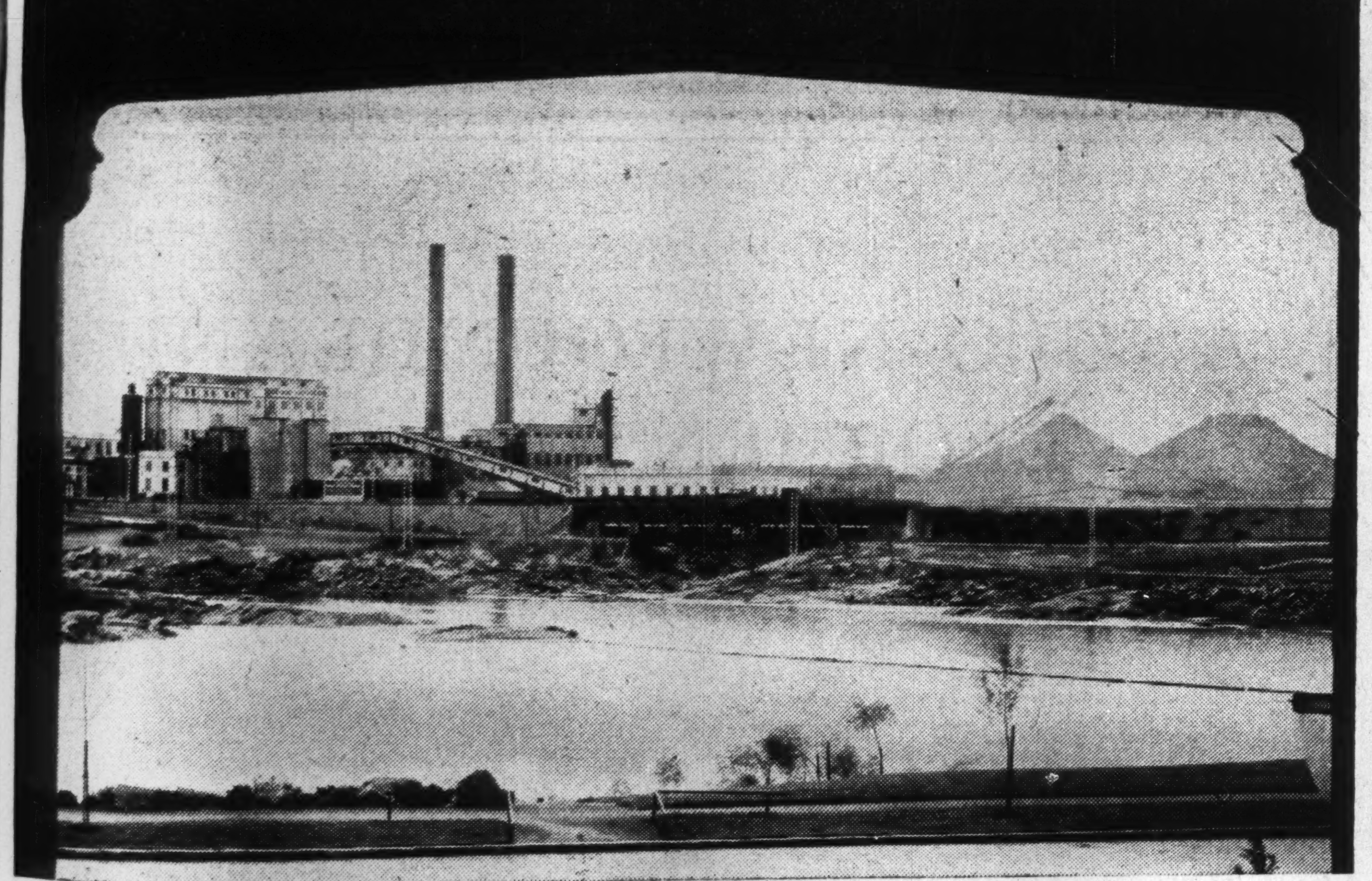
Need for Caution

It would be taking too much for granted to say that the Scandinavian manufacturers will lose all of their overseas business. They will make every effort to maintain it. However it would be a fair assumption to say that their shipments will not increase; that some of the tonnage in the States and South America will be switched by the buyers to a more assured source or sources of supply; and it is also reasonable to expect that the blockade will not permit or at least make it extremely difficult to get supplies out to other non-European countries.

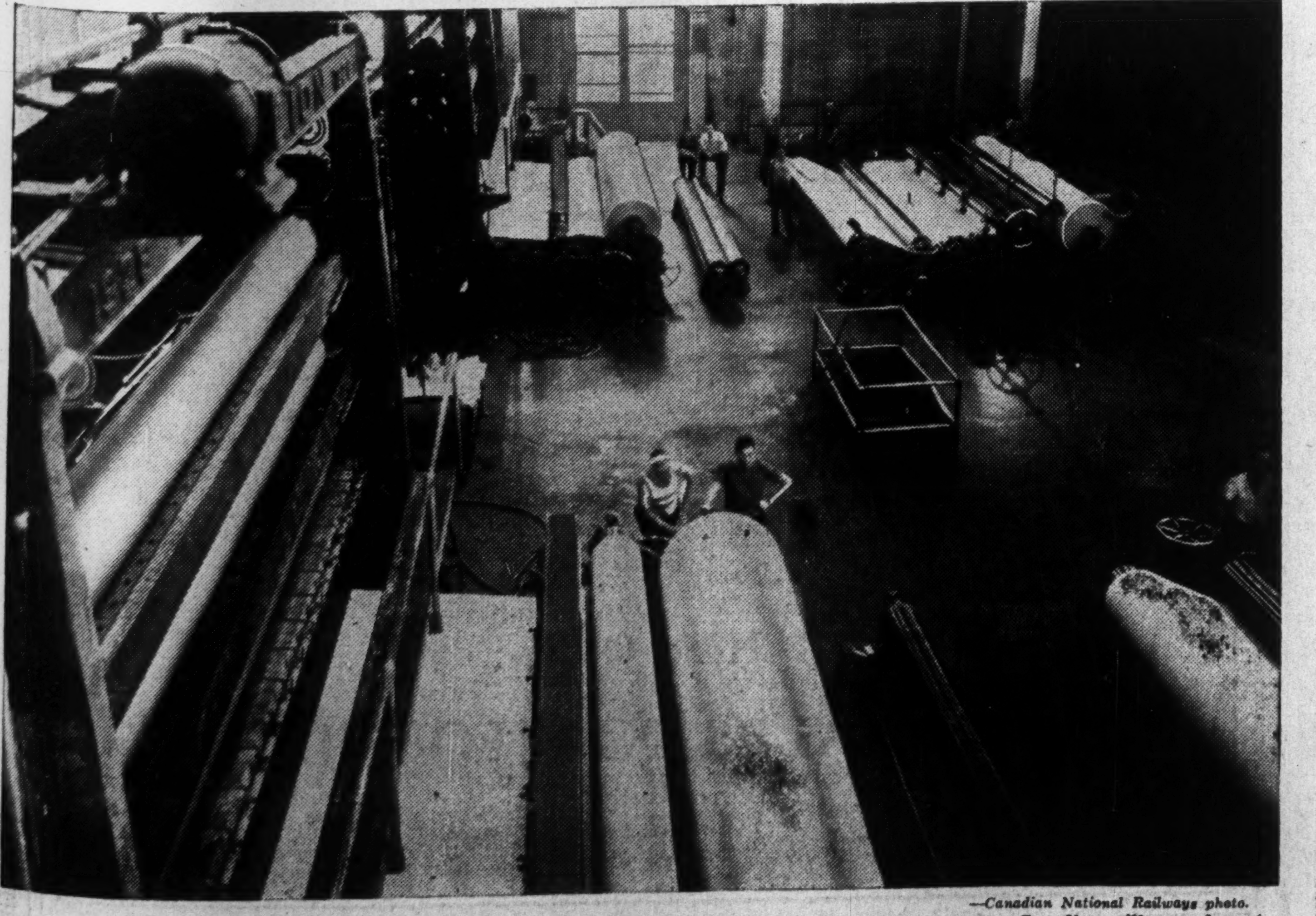
It is not safe to hazard a guess at this time as to how much Scandinavian tonnage may be switched to Canadian mills. War conditions have existed only a month; an insufficient time to allow of the development of any particular trend which would be helpful in forming an estimate.

Furthermore it must be remembered that Canada does not stand to gain all and lose nothing by the war. The Canadian industry will have its difficulties with shipping, but not too seriously as far as the North and South American markets

(Continued on page 19)



Typical of the larger of Canada's 98 pulp and paper mills is the Kapuskasing plant of the Spruce Falls Power and Paper Co.



—Canadian National Railways photo.

Out of such vast machines roll 225,000 tons of newsprint a month. With war cutting off many European exporters Canadian mills may have to step up production sharply.

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Canada's Newsprint Industry Stands to Benefit By Redistribution of Markets

(Based on returns for 1938)

Following is an estimate, prepared by The Financial Post, of the newsprint tonnage which may be subjected to redistribution because of wartime conditions. It does not necessarily follow that all of this tonnage will accrue to Canadian mills. But because of the superior marketing position of the industry in this country, the greater part of the estimated tonnage is likely to be placed with manufacturers in this country. The figures may be high, particularly the estimate of a possible increase in United States consumption for 1940, but a compensating factor is the expectation that the Scandinavian countries will not be able to maintain regular supplies in the North and South American markets. It is reasonably certain that a proportion of the United States business now going to Scandinavian mills will be switched to Canada, while any further development of the Scandinavian trade will be arrested by wartime conditions in the shipping industry.

		Tonnage involved
Shipments to British Empire and allied countries, outside of Europe, now being supplied by the northern European countries and which, for obvious reasons, will most likely have to secure their requirements elsewhere: Egypt, 6,000; Union of South Africa, 2,000; other South African markets, 8,000; British India, 27,000; other British possessions in Asia, 3,000; Australia, 2,000; New Zealand, 1,000		49,000
Exports from United Kingdom, principally to Australia and New Zealand		63,000
Export shipments from Germany to non-European countries and halted by blockade:		
United States		10,000
Central and South America		36,000
Scandinavian exports which may or may not be affected by blockade in Baltic and North Seas, but on which considerable difficulty will be experienced in effecting regular deliveries, not only because of blockade, but due to abnormally high shipping costs, insurance rates and lack of shipping:		
To United States	226,000	? (1)
Central and South America	174,000	? (1)
Possible increase in United States consumption in 1940 due to prosperity resulting from neutrality; estimated as low as 5% and as high as 10%, with majority of opinion favoring the higher figure. Consumption in 1939 placed at 3,500,000 tons		350,000
Estimated volume of tonnage which will be available for placement in 1940, the greater part of which is expected to go to Canadian mills		508,000

NOTE: (1) No estimate is made of the possible switching of tonnage from Scandinavian to Canadian mills. Any estimate at this time is largely guesswork. Unquestionably some tonnage will be switched, against this there is a possible decrease in Canadian shipments to markets outside the United States, especially the United Kingdom.

New Markets in Making

Survey of World Market Reveals Possibilities for Canadian Chemical Pulp

Disruption of the world pulp trade by war conditions creates a situation which is expected to develop into a widening of demand for Canadian chemical pulps. The uses to which pulp is put have developed on an extraordinary scale in the past 10 years and the chemical types are essential as a raw material to many industries. Maintenance of trade is important; in fact expectations are that war conditions will bring about greater use of cellulose pulps. They will be needed as natural materials are diverted for war purposes.

Canada has shown a tendency to use more and more of her pulp for further processing. As a consequence her position in the world trade has grown less important, the Scandinavian countries coming to be the chief sources of supply for many of the importing nations.

Canada Processes More

In 1908 two thirds of the pulp made in Canada was exported without further manufacture into paper or other pulp products. During the following five years the Dominion continued to export the greater part of her production of this commodity. Since 1913 Canada has retained more and more pulp for further manufacture until in 1937 only 16.9% was exported. The exports at present are chiefly of chemically prepared pulp of high value.

In 1927 Canada occupied second place among the world's exporters of wood pulp, being surpassed in this respect by Sweden alone. In 1928 Canada dropped to third place, giving way to Norway. In 1929 Canada dropped to fourth place, giving way to Finland, and has remained in that position.

This decline in importance in exports is due to a large extent, however, to the fact that a larger proportion of domestic wood pulp is being used in the pulp and paper industry of Canada and consequently the products of this industry are being exported in more highly manufactured form of paper.

Contributed 11% in 1937

Of the total of 7,646,650 tons of pulp produced in 1937, Canada contributed over 11%, about four fifths of which was high-priced chemical fibre.

Despite the decreasing importance of Canada in the world pulp trade, she remains as one of the principal pulp manufacturers in the world. In the redistribution of tonnage which may result from war conditions, the Dominion ranks as one of the principal sources of supply.

There are three main classes of pulp—groundwood, sulphite and sulphate. Canada has little groundwood pulp to spare for export, as most of it is used in the manufacture of paper, especially newsprint. Moreover there has been no inducement to extend manufacturing facilities because of the low price which has prevailed for this product in the past several years. If the price were right, production could be greatly increased.

In the chemical field, on the other hand, the Dominion has important quantities of both sulphite and sulphate pulp for export sale. These types fetch more attractive prices. Aside from the pulp producers, the paper manufacturers have surplus capacity which can be diverted to export channels if the demand and price warrant it.

World Pulp Capacity

Just where Canada ranks in the world chemical pulp picture is shown in the following table of productive capacity:

World Wood Pulp Productive Capacity
(In tons of 2,000 lb.)

	Sulphite	Sulphate
United States	2,448,690	3,188,660
Canada	1,842,855	359,500
Sweden	1,815,800	1,229,000
Finland	1,160,600	673,500
Norway	500,000	113,500
Germany	1,338,750	88,000
Poland	92,600	22,000
United Kingdom	16,800	......
Latvia	22,000	(?)38,500
Estonia	......	(?)33,000
Total	9,238,095	5,745,660

From the foregoing it will be seen that Canada ranks second in productive capacity as regards sulphite pulp and fourth in sulphate pulp. The relatively large capacity of sulphite pulp is due to the use of this type of pulp in conjunction with groundwood for the manufacture of newsprint paper.

Next to the United States, Canada uses more pulp than any other country in the world. This statement may be somewhat misleading in view of the prevailing belief that we are a relatively small pulp using country in comparison with Germany, the United Kingdom and other countries. The answer lies in the fact that Canada used large quantities of pulp in the manufacture of paper, in the production of which she ranks next to the United States.

When it comes to a consideration of chemical pulps used for further processing, aside from newsprint, Canada is well down the list. Particularly is this the case in the use of high grade chemical pulps.

As a matter of interest the accompanying table shows the world chemical pulp trade in 1936 (a normal year inasmuch as 1937 was abnormal and 1938 was a year of recovery) as to production, exports, imports and consumption.

New Markets in Making

In the disruption of world markets, the question naturally arises as to which country will be adversely affected and which will benefit. It will be noted in the table on world trade that Germany's production just about counterbalances consumption, even though it is also engaged in the export and import trade.

Japan has been out of the world market for some time because of the difficulty in securing the necessary exchange credits, so is not considered a factor in the preesnt market.

The principal exporting countries in the chemical pulp trade remain as Sweden, Finland, Norway and Canada in the order named. On the other side of the balance sheet the United States, the United Kingdom, France, Italy and Belgium rank as importers in that order.

The South American countries might also be included in the latter category, as collectively they import a fair volume of chemical pulps.

No Trend as Yet

At this time it is obviously out of the question to be too precise in discussing possible changes in the world export market. It may take several months before any definite trend develops. However, it may not be out of the way to conjecture on some likely developments. Here again it must be borne in mind that the time element is extremely important. If the war drags on for an indefinite period permanent changes are likely to take place in world trade. If the war is of short duration, it is possible that changes may only be of a temporary character.

Canada's Opportunity

As far as Canada is concerned there are only two markets of consequence—the United States and the United Kingdom. As regards the latter, indications would point to a contraction in demand. Production of paper in the U. K. will be limited because of a falling off in consumption due to wartime restrictions. On the other hand high grade cellulose pulps have a very definite value for war purposes and it may be that the increased demand in this direction will offset the expected decline in ordinary peacetime requirements.

In view of the difficulties in shipping to the English market it is possible that the Scandinavian countries can continue supplying the United Kingdom market just as well as Canada. Of course later developments may determine otherwise, but for the time being it would appear that any increase in demand for Canadian chemical pulps will come from the United States.

States Heavy Consumer

The United States is a heavy consumer of all grades of sulphite and sulphate pulps. Again taking 1936 as a typical year, the U.S. imported just over 2 million tons of chemical pulp. Of this quantity 1.3 millions represented sulphite and the balance sulphate pulp.

Canada's share in this market was about 165,000 tons of sulphate and 369,000 tons of sulphite pulp.

Supply Own Sulphate

Under war conditions the States will have to depend upon imports of sulphite to meet requirements, but it is doubtful if that will be the case for sulphate. During the course of the last three years the U. S. reports a very marked expansion in sulphate producing facilities, both for bleached and unbleached, due to the development of the southern kraft industry.

It is felt in many quarters that the expansion of this branch of the pulp industry has put the United States in a position where she can fairly well take care of her own requirements.

Factors to Consider

In the sulphite field, the expansion of Canadian trade with the States will depend upon the ability of the Scandinavian countries to maintain their competitive position. This applies particularly to regularity of supplies and price.

If the war is prolonged — here again the time element enters—it is believed that the United States will have to look more and more to Canada for sulphite pulp, both bleached and unbleached, requirements. Already the shipping costs from Scandinavian countries to the United States have undergone a sharp change upward. An adjustment of prices is inevitable.

Of more importance, as far as the Canadian mills are concerned, is the ability of the Scandinavians to maintain supplies. It will not be easy. The German blockade in the Baltic and the English blockade in the North Sea, with all their attendant dangers to neutral shipping, will make for tremendous difficulties in maintaining regular shipping schedules.

Look to Canada

This situation seemingly is recognized by American importers who already have been enquiring of Canadian exporters as to available tonnage. The Dominion's trade with the States in both classes of sulphite pulp is almost certain to expand in 1940. How much business will accrue to the manufacturers in this country will depend upon the degree of success with which the Scandinavians can maintain supplies and the United States own requirements.

More than a score of Canadian companies stand to benefit by any increase in the chemical pulp trade with the United States. A number of companies, aside from those engaged solely in the pulp business, have been selling pulp for years. There is a third group—mainly newsprint companies—which under favorable conditions can produce a considerable amount of sulphite, mostly unbleached, for the market.

List of Producers

A list of these companies, with an estimate of the quantity for sale on an annual basis, follows:

(Annual capacity in short tons of 2,000 lb.)

	Annual Capacity	For Sale	Type
Abitibi*	......	60,000	Bleached sulphite
Anglo-Newfoundland	......	(?)	Sulphite: quantity considerable
Bathurst*	20,150	8,000	Unbleached sulphite
	42,250	......	Sulphate
B. C. Pulp	31,000	31,000	Bleached sulphite
	34,000	34,000	Easy bl. & strong sulphite
Brown Co.	70,000	70,000	High grade sulphite
Can. Inter. Paper*	148,500	148,500	Rayon pulp
	20,000	20,000	Unbleached sulphite
Cons. Paper*	40,000	40,000	Sulphate; also sulphite
Donnacona*	......	20,000	Unbleached sulphite
Dryden	25,000	10,000	Kraft
Fraser Cos.	49,500	49,500	Rayon pulp
Great Lakes*	38,000	15,000	Sulphite
Lake St. John*	......	......	
Port Royal Pulp	20,000	20,000	Bleached sulphite
Howard Smith	54,000 30,000 33,000	20,000	Bleached sulphite Bleached soda Bleached & unbleached kraft
Spruce Falls*	70,000	35,000	Sulphite
Vancouver Kraft	26,350	26,350	Sulphate

*Additional pulp for sale dependent upon scale of operations in paper division.

Chemical Pulp Producers Listed as Potential Sellers

Newsprint	Fine Paper	Pulp
Anglo-Canadian	E. B. Eddy Co.	Bowater-Lloyd's (1)
J. R. Booth	Provincial	Lake Sulphite (2)
M. & O. Paper		
Maclaren		
Ontario Paper		
Pacific		
Price Bros.		
St. Lawrence Paper		

(1) Building sulphite mill. (2) Mill partially built, company in bankruptcy.

U. S. NEEDS NEWSPRINT

The United States, which consumes more newsprint paper than any other country in the world, supplies about 25% of her own requirements. In 1914 the country had to import only 14.6% of her requirements.

Log driving on Upper St. Maurice River. Expert river drivers must keep logs moving during the spring floods which still bring the bulk of the pulpwood used in this country from the bush to the pulp mills.

Mill Operations ⅔ of Capacity

Any increase in the operating ratio of Canadian newsprint mills is followed by a reduction in costs. Hence the trend of operating ratios, as reported by the Newsprint Association of Canada, is followed with more than ordinary interest. Last month the mills operated at 3% of capacity, or 5% more than in the same month a year ago. Actually output was greater than 5% because of the increase in capacity.

Canadian Newsprint Mill Operating Ratio

	1939	1938	1937
January	59.8	65.4	92.2
February	60.0	62.0	91.7
March	58.6	61.0	89.1
April	63.4	56.8	90.8
May	66.4	58.7	95.1
June	66.4	57.0	95.5
July	65.3	59.6	96.8
August	63.0	60.0	97.9
September	...	68.2	99.4
October	...	72.0	96.6
November	...	69.3	92.7
December	...	59.3	89.8
Yearly average	...	62.4	93.9
Annual capac.	4,293,361	4,204,200	3,883,000

Use of Pulpwood Shows Increase

Over $50 Millions Spent On Wood; Spruce In the Lead

Pulpwood used in the manufacture of pulp by Canadian mills in 1937 totalled 6,613,639 cords, having a value of over $51 millions. This is the largest quantity reported in many years, according to the Dominion Bureau of Statistics, and compares with 5,775,894 cords, valued at $40.5 millions, in the preceding year.

Quebec, producing the bulk of the pulp, used the greater part in 1937, taking over 48% of the total. Ontario used 28.5%, British Columbia 7% and Nova Scotia, New Brunswick and Manitoba together, the remaining 16%.

There are relatively few kinds of wood used in pulp manufacture in Canada. Spruce and balsam fir make up 91.3% of the total. Hemlock, jack pine and poplar are also used, together with smaller quantities of less important kinds.

In 1937 over 48% of the total quantity of wood used in pulp making was converted by the mechanical process. About 42% went into the manufacture of sulphite and the remaining 10% into sulphate or kraft, and soda.

On account of the relatively large quantity of wood required for making of a ton of chemical fibre, the chemical processes were responsible for the consumption of the bulk of the wood used, although the quantity of chemical fibre made was much less than that of groundwood pulp.

By the use of the mechanical process in 1937, 3,308,517 tons of groundwood were produced from 3,203,928 cords of pulpwood. By the sulphite process 1,373,232 tons of fibre were produced from 2,077,880 cords of wood. In the case of the sulphate and soda processes, 334,657 tons of fibre were produced from 631,831 cords of wood. These figures, of course, do not include the yield of screenings.

Industry Dominant In Trade Balance

From the standpoint of sustaining balance of trade, products of forest origin have been more consistent than any other comparable group of commodities, and in the wood and paper group itself, the pulp and paper industry has become the chief contributor. In 1937, this contribution amounted to $181,305,473, being made up of the difference between the value of pulpwood exported and pulpwood imported, and the difference between paper exports and paper imports.

Keystone

Large Power Supplies at Low Cost Paramount Factor in Industry

Pulp and paper ranks high among Canada's manufacturing industries. It leads all others in the total number of persons employed and in salaries and wages paid. It contributes more than 57% to the Dominion's favorable balance of trade. Development has been extremely rapid, the output of its chief product, newsprint, increasing in 1937 to an all-time record of more than 10 times the output of 1913, the first year for which complete figures are available and amounting to 41% of world production for that year.

The outstanding manufacturing feature of this industry, the Dominion Water and Power Bureau points out, is the enormous consumption of power in the process of converting the timber into paper.

Power Makes Possible

It is the fortunate occurrence of ample and readily developed water power in conjunction with abundant supplies of the various pulpwood species which has made the present development of the industry possible.

When it is stated that a mechanical power installation of approximately 100 h.p. is required per ton of daily output of newsprint and that in addition an equivalent amount of hydro-electricity is at times utilized for the production of process steam, the contribution of low cost hydro power to the success of the industry becomes evident.

While the power consumption per unit of output of the higher grade papers manufactured by the three chemical processes in use in Canada is much less than for newsprint, it is still a factor in economical production.

Canada's pulp and paper mills maintain a hydraulic turbine installation of 646,901 h.p., have an electric motor installation for operation by purchased hydro-electricity of 1,200,000 h.p., and purchase 50% of all industrial power sold by central electric stations.

World Chemical Pulp Trade Total for all Grades Returns in Tons for 1936*

	Production	Exports	Imports	Consumption
United States	5,715,000	193,000	2,277,000	7,799,000
Canada	4,550,000	754,000	19,000	3,815,000
United Kingdom	129,000	4,000	1,761,000	1,886,000
Germany	2,550,000	259,000	173,000	2,465,000
Sweden	3,478,000	2,513,000	....	971,000
Finland	2,086,000	1,498,000	....	589,000
Norway	1,047,000	662,000	26,000	411,000
Japan	866,000	....	366,000	1,231,000
U. S. S. R.	772,000	....	3,000	775,000
Italy	153,000	....	251,000	404,000
Austria	371,000	185,000	4,000	190,000
Czecho-Slovakia	316,000	121,000	7,000	202,000
France	226,000	3,000	611,000	834,000
Holland	119,000	2,000	103,000	222,000
Belgium	....	23,000	187,000	166,000
Newfoundland	322,000	....	....	322,000
Poland	160,000	4,000	13,000	169,000
Switzerland	81,000	....	22,000	100,000

*Considered an "average" year.

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HARD RUBBER PUMPS

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Pulp Grinder (Reinforced) Sand Blast Steam
Suction Suction Box Water
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RUBBER LINED PIPE AND FITTINGS
RUBBER LINED PUMPS
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Kraft Looks for Broad Demand

Greatly Widened Use of Sulphate Products Adds to Division's Importance

Products of sulphate or kraft pulp have been steadily growing in importance. Overexpansion of mills, particularly in the United States, has made for instability in this branch of the industry. At the same time the obvious advantages of kraft paper for packing, wrapping and a host of other uses has brought about a steadily increasing demand for kraft pulp products.

In this country there are only three producers of consequence—Dryden Paper, Bathurst and the Wayagamack division of Consolidated Paper Corp. Bathurst has brought out a wide line of kraft products and particularly kraft liner board. Dryden has specialized in the manufacture of bags and other containers, in addition to shipping about one half of its pulp output to the States. Wayagamack has been largely interested in the wrapping paper field.

But the old idea that kraft paper, because of its strength, was only suitable for wrapping paper has disappeared. The research and development work carried on by the manufacturers has brought kraft pulp products into use in hundreds of various ways. In the container field, the paper product has almost entirely supplanted wooden boxes, except where a very special need is to be served. Canned goods and a host of other products are now shipped almost exclusively in containers which, in turn, are largely made of kraft.

Of late the Canadian industry has been handicapped by competition created by imports from the States. The American industry, especially in the southern States, was greatly overexpanded. Consequently there was much dumping in all foreign markets, including Canada.

The war situation has altered the outlook for this branch of the pulp and paper industry. Already prices have been advanced in the States to the extent of $10 a ton and it is expected that prices here will strengthen. The creation of wartime demands has diverted the interests of the American kraft manufacturers to their own and more profitable market.

In the Canadian field the domestic demand is steadily growing. Moreover, a considerable volume of export business has been built up.

Kraft

Stocks:

	Outstand. $	Earned Per Share 1938 $	Earned Per Share 1937 $	Div. Rate $	Price Range 1938-39 High	Price Range 1938-39 Low	Last Price	Yield %
Bathurst Power & Paper:								
Cl. A, com., n.p.v. ..	400,000 shs.	0.38	1.14	*0.25	11¼	4¾	8¾	..
Cl. B, com., n.p.v. ..	300,000 shs.	d2.16	d1.55	..	5	¾	3½	..
*Paid Dec., 1938.								
Dryden Paper:								
Common, n.p.v.	150,000 shs.	d0.01	0.24	nil	8½	3	7	..
Consolidated Paper:	(See Newsprint Section.)							

Bonds:

	Int. Rate %	Maturity	Outstand. $	Times Int. Earn. After Deprec. 1938	Times Int. Earn. After Deprec. 1937
Dryden Paper:					
1st Mtge., S. F. Gold	6	1949	1,301,500	0.98	1.43
Consolidated Paper:	(See Newsprint Section.)				

Dryden

Dryden Paper Co.'s financial statement for the year ending Sept. 30, 1939, is not likely to show any material improvement over that reported in the previous year. This is due to the fact that competition in the sulphate pulp and kraft paper business has been exceptionally keen, with the price schedules generally lower than a year ago.

The company's pulp and paper mill at Dryden, Ont., has an annual capacity of about 25,000 tons of sulphate pulp, of which about 15,000 tons are manufactured into finished products. The paper market is chiefly in western Canada.

In the year ended Sept. 30, 1938, operating earnings were $88,000 lower at $200,064. Net earnings available for depletion, depreciation and bond interest amounted to $178,717 compared with $271,398 in the previous 12 months. After all charges there was a net loss of $1,430 as against a profit of $35,724 in the 1936-37 year.

During the year working capital was reduced from $560,537 to $451,395. This was due to capital expenditures made during the year, fixed assets having increased by $179,406.

Directors—F. A. Sabbaton, pres.; J. S. Wilson, vice-pres.; E. S. Pincott, sec.; George Chahoon, Jr., P. A. Thomson, Dan McLachlan, J. B. Woodyatt, E. R. Parkins, Montreal.

Treas.—H. Humphreys.

Bathurst

Bathurst Power and Paper Co. announced plans to spend approximately $500,000 on extensions to its plant, about the middle of August. Whether or not the war will interfere with this programme remains to be seen.

Two years ago the company spent just under $700,000 on a new steam plant, which not only increased the available power, but enabled the company to step up its production of finished products to 314 tons daily or 97,000 tons annually

Current Profits Lower

Operations of Bathurst this year have not been as profitable as they were a year ago. During the first quarter the company reported a loss of about $60,000, after provision for depreciation, depletion and other charges. This contrasts with a profit of approximately $60,000 in the same period of last year. The decline was entirely due to the lower selling prices, which averaged 20% below those prevailing in the same period of 1938, and sales volume showed an increase of about 6%.

During 1938 the company reported sales of $3.3 millions as against $3.9 millions for 1937. As a result profits from all sources dropped from $915,346 to $583,797. The amount available on the class A stock was equal to 38 cents a share as against $1.16 a share in 1937.

Despite the drop in income, the working capital position was well maintained. In this respect Bathurst occupies a particularly favorable position, current assets exceeding current liabilities at the end of last year by nearly $2.4 millions.

Secure Diversification

Originally Bathurst was designed as a newsprint producer. When the depression set in the company took steps to diversify production and is now engaged in manufacturing, in addition to newsprint paper, kraft sulphate pulp, kraft liner board and folding box board. It also owns and operates its own power plant and through a subsidiary distributes power and electric light.

This diversification has brought a considerable degree of stability to earnings of the company and also has put it in a position to take advantage of any upswing in demand for pulp and paper products. In the light of present conditions it is believed that Bathurst is in a position to meet increased demand likely to result from war conditions.

Directors — R. L. Weldon, pres.; H. J. Webb, vice-pres. & sec.-treas.; P. A. Thomson, vice-pres.; Joseph Simard, F. J. Campbell, A. J. Nesbitt, J. B. Woodyatt, Montreal; H. P. Robinson, Saint John, N.B.; R. G. Ivey, London, Ont.

Vice-pres. i/c. of sales—Raymond Kelly.

Asst. treas.—G. A. Schryer, F. D. Lamont.

Newsprint Stocks in Wartime

Bulletin on Request

JOHNSTON AND WARD

Head Office:
THE ROYAL BANK BLDG.,
Montreal

Members:
Montreal Stock Exchange,
Montreal Curb Market

Montreal, Que. Quebec, Que.
Halifax, N.S. Sydney, N.S.
Moncton, N.B. Saint John, N.B.

GROUNDWOOD IN LEAD

Groundwood pulp forms almost two thirds of the total quantity of pulp made in Canada.

Build Up Inventories

Strong Position in Material Supplies Strengthens Prospects of Operators

Present inventories are going to play a vital part in the financial returns of the pulp and paper operators in this country, not only for this year but in 1940. Fortunately the majority of companies entered 1938 with larger inventories than has been the case for a number of years. There was a large carryover of finished products into the present year. Moreover the woods operations in the 1938-1939 season were fairly extensive, so that the operators have sufficient wood on hand to take care of their requirements until about the middle of next year. Consequently they are in a position to hold their costs down to a more or less normal level. This has been a factor influencing the decision not to change the price of newsprint for the first quarter of 1940.

Examination of the financial returns of the principal companies in which there is any public investment interest show that the newsprint manufacturers, as a group, are in the stronger inventory position. Abitibi, for example, valued its inventories at nearly $6.3 millions, or more than double what they were at the end of 1936. Canadian International Paper, Consolidated Paper, Donnacona, Great Lakes, Price Bros. & Co., and other operators, reported much the same trend in inventory values.

The inventory position of some 25 pulp and paper producers over the past three years follows:

Inventory Position—Year End*

	1938	1937	1936
Abitibi	$6,299,321	$4,814,742	$3,072,701
Bathurst	1,595,722	1,330,096	1,220,399
B. C. Pulp	1,050,009	1,074,073	553,853
Bldg. Products	510,217	539,713	475,995
Bowater-Lloyds	3,368,386	3,034,642	3,021,231
Can. Inter. Paper	†19,043,084	15,792,563	15,983,451
Can. Wirebound	171,138	239,617	242,775
Consolidated Paper	10,273,519	9,273,048	5,839,734
Corrugated Paper	131,785	126,316	97,036
Donnacona Paper	1,458,938	1,482,388	906,544
Dryden Paper	350,782	329,254	327,341
Fraser Cos.	4,027,161	4,294,827	2,923,619
Great Lakes	1,930,680	567,781	690,209
Hinde & Dauch	562,014	648,994	438,918
Howard Smith	2,223,379	2,386,232	2,124,316
Lake St. John	1,981,650	1,370,072	1,027,527
Mersey Paper	1,616,043	1,188,475	785,276
M. & O. Paper	4,229,953	3,282,090	2,848,190
Price Bros.	7,660,948	8,168,027	5,473,468
Provincial Paper	1,217,545	1,114,659	976,755
Restigouche	1,162,258	1,019,223	644,176
Rolland Paper	596,008	727,958	611,750
Spruce Falls Paper	2,150,578	1,616,705	1,891,937
St. Lawrence Paper	2,413,655	1,699,036	1,127,675
Westminster Paper	100,207	138,869	97,899

†Excluding I. P. of Newfoundland, sold in 1938.

*Note:—Where fiscal year does not end on Dec. 31, the returns have been made to correspond as closely as possible.

Advertising Trend Helps Industry

Newspaper advertising in United States publications controls the volume of production of newsprint paper in Canada. Advertising regulates the size of a paper and in turn the amount consumed. The United States takes over 80% of Canada's total newsprint output, the figures on advertising constitute a fairly reliable index of the trend of consumption and in turn of paper production in this country.

Advertising in the States reached a peak in 1937 and dropped off sharply in 1938. So far this year the trend has been upward slightly, as is indicated in the following tabular matter:

U. S. Newspaper Advertising in 52 Major Cities

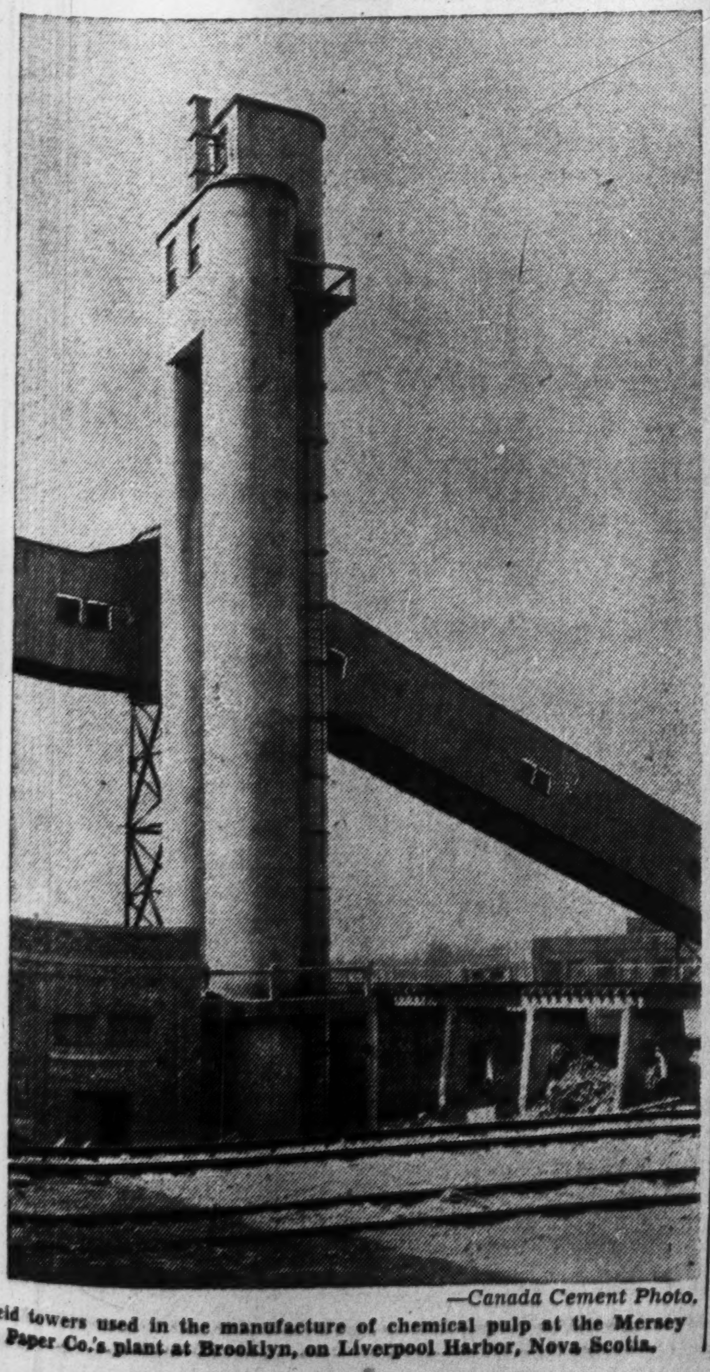
(In Millions of Agate Lines)

Yearly Returns

1935	1,246.9
1936	1,380.1
1937	1,409.7

Monthly Returns

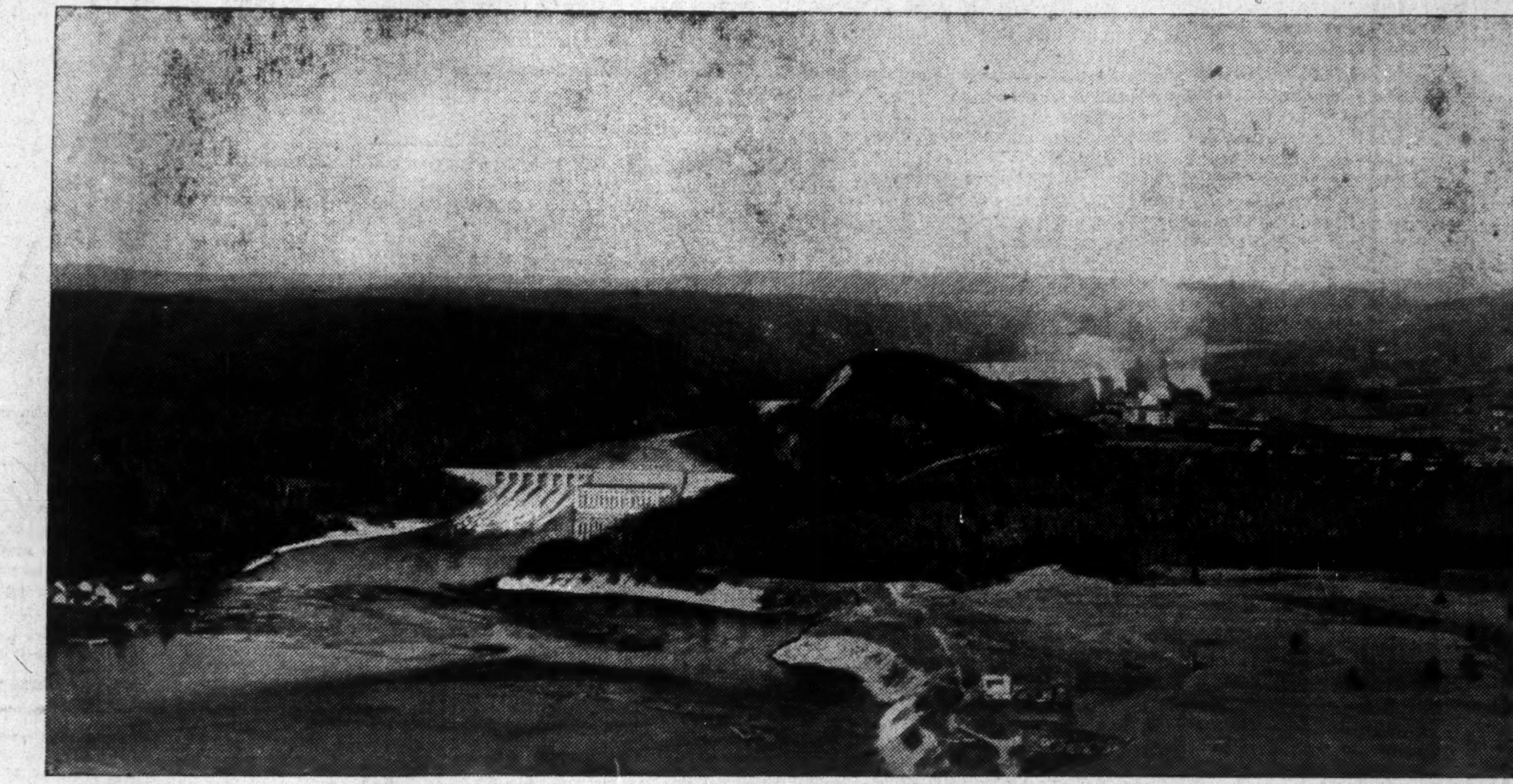
	1939	1938
January	87.4	90.6
February	86.7	88.5
March	111.8	108.9
April	111.1	109.9
May	112.4	109.9
June	105,1	98.5
July	85.4	83.7
August	90.5	86.1
September	....	103.9
October	....	113.6



—Canada Cement Photo.

Acid towers used in the manufacture of chemical pulp at the Mersey Paper Co.'s plant at Brooklyn, on Liverpool Harbor, Nova Scotia.

EXPANDING POWER SUPPLY



La Tuque Power Development as it will appear when completed.

At La Tuque, in the St. Maurice River valley, Quebec, the St. Maurice Power Corporation, owned jointly by Brown Corporation and The Shawinigan Water and Power Company, is proceeding with the construction of a hydro-electric plant with an initial installation of 162,000 h.p.

Power is an important factor in the production of paper, consequently an abundance of power, with a plentiful supply of raw material, has given rise to the largest manufacturing industry in the Province of Quebec.

The four mills of the Consolidated Paper Corporation Ltd., located in the lower St. Maurice, can produce 1,469 tons of newsprint per day, while the plants of the St. Lawrence Paper Mills Co. Ltd. and the Canadian International Paper Co. at Three Rivers are capable of turning out 1,140 tons, making a total of 2,609 tons daily. The St. Maurice River supplies the power for production of more than 20% of the total output of the Canadian newsprint industry.

On the eve of a tremendous industrial expansion for munitioning Canada, Great Britain and her allies, it is of even greater importance to have surplus generating capacity available on short notice. In the territory served by The Shawinigan Water and Power Company, present surpluses, combined with generating capacity under construction, insure an ample power supply for any immediate industrial requirement. This power, strategically located with respect to excellent rail and water transportation, natural resources, and centres of population and industry, will no doubt play an increasingly important part in Canada towards supporting the British cause.

It is doubtful if there is any other place on earth where hydro-electric power, in such large quantities, at such low prices, can be made available as quickly at ocean ports, as can be done in the great rivers of Quebec.

The
Shawinigan Water & Power Company
MONTREAL, P. Q.

Pulp Operators Look for Big Market

Development of U.S. Market on Larger Scale Seen as Outcome of Unsettlement

Conditions in the pulp industry have not been favorable for profitable operations over the past 18 months, but the outlook changes under war conditions. During 1937 there was a world-wide demand for paper and pulp. Pulp producing facilities in the Dominion were operated at close to capacity. Other countries did likewise. This resulted in a badly over-stocked condition when the market collapsed at the end of 1937. Prices broke and both customers and mills were tied up with large stocks.

It has taken time to work off these stocks. By the middle of this year the slowly rising tide of consumption and the restriction of production made themselves felt in a stronger market. This improvement was expected to continue along moderate lines for the balance of the year, when the sudden development of war conditions altered the whole outlook.

About 80% of the pulp manufactured in this country is utilized within the Dominion, principally in the manufacture of newsprint. The balance, largely chemical pulps, is sold in the United States and other markets.

Capacity to Spare

While Canada's pulp facilities were designed primarily to supplement paper making equipment, there is a considerable amount of "spare" capacity. This applies particularly to certain companies like Fraser Cos., B. C. Pulp, the Hawkesbury, Kipawa and Gatineau mills of Canadian International Paper. In addition a number of the fine paper and newsprint manufacturers have excess capacity which can be utilized to produce chemical and groundwood pulps for sale. During the 1937 boom a number of the newsprint companies were able to add substantially to their revenues by producing unbleached sulphite for sale.

Conditions have already developed which indicate that there will be a strong market for pulp during 1940, mainly from the United States. The latter has always been a heavy buyer from the Scandinavian countries and the difficulties which they may have in making deliveries, emphasizes the importance which Canada now ranks in the minds of the American buyers as a source of supply.

Now Making Enquiries

Enquiries have already been made of a number of Canadian manufacturers. The volume of business actually signed is small, because manufacturers here want time to consider their position and the extent of the permanence of the American demand. Considerable sums of money will have to be invested to increase pulp capacity and, naturally, it would be unwise to make such a commitment if deliveries are to be considered as a stop-gap until the Scandinavian supply is restored. Hence there is hesitation by the Canadian manufacturers in making any actual commitments at this time. Unquestionably such commitments will be made, but on terms and conditions which should assure that the Canadian pulp makers will have a more important place in the American pulp import picture than has been the case in recent years.

U. S. a Big Buyer

Imports of woodpulp into the United States in appreciable quantities date back to the early years of the present century. Up until 1904 they were relatively unimportant; but during the next 10-year period they more than trebled in volume, arrivals during 1913 reaching a total of 541,000 tons. During the period from 1914 to 1919 inclusive, importations from European countries were held in check by war and post-war influences, but nevertheless continued an upward trend. In 1920 they shot up. In 1921 they fell back momentarily because of the general market decline of that period; but in 1922 they almost doubled those of 1921, from which point they increased with fair consistency until 1930.

Importations of wood pulp did not show any drastic curtailment until 1931. By the end of 1932, stocks were reduced to what was considered more nearly normal proportions. By 1936 they were again the highest they had ever been.

Market for Groundwood

There are two main divisions of pulp imports into the States — groundwood or mechanical and chemical pulps. Groundwood imports into the States have shown comparatively little change for some years past. Canada has supplied by far the largest proportion. Around 50,000 tons of groundwood are now being imported each year from the Scandinavian countries. It is to be assumed that a considerable proportion of this business will be retained by the northern European countries, so that Canada can not expect to benefit very much from that source. On the other hand the American manfuacturers' requirements of groundwood may rise, in which event Canada may be called upon to make up the difference.

Chemical Pulp Important

The important phase of the pulp business to the Canadian operators lies in the chemical field. This type of pulp involves considerably more care in making, sells for more than groundwood pulp and, of course, is more profitable.

Canada has plenty of idle capacity to take care of a considerable expansion in export trade in sulphite and sulphate pulps, both bleached and unbleached.

In 1936, which is considered a more or less normal year, the United States imported the following quantities of chemical pulps:

Unbleached Sulphite Pulp
(in tons)

From:	Quantity
Canada	88,300
Finland	157,300
Germany	39,900
Norway	25,400
Sweden	425,800
Others	50,000
Total	786,700

Bleached Sulphite Pulp

Canada	281,800
Finland	31,100
Germany	34,800
Norway	71,000
Sweden	67,300
Other	26,900
Total	512,200

Unbleached Sulphate Pulp

Canada	63,300
Finland	87,400
Germany	......
Norway	23,300
Sweden	457,900
Other	3,800
Total	635,700

Bleached Sulphate Pulp

Canada	55,300
Finland	5,400
Germany	......
Norway	200
Sweden	41,500
Total	102,400

In a normal year the United States imports 2,000,000 tons of chemical pulps.

Market Opens Up

Examination of the above tables clearly indicates the opportunity that now faces the Canadian pulp makers.

In the first place Germany as a source of pulp is eliminated. This means that American importers will have to look elsewhere for around 75,000 tons of sulphite pulp, bleached and unbleached.

What the Scandinavian countries can do to maintain supplies remains to be seen.

Factors to Overcome

The increase in shipping costs will put a great strain on the Scandinavian industry.

Develop Own Supply

Canada is not likely to secure very much of the sulphate pulp business, because of the development of this type of industry in the Southern States over the past couple of years. There is probably sufficient capacity in the domestic area to take care of immediate requirements. But any sharp increase in requirements, as may likely happen, would mean drawing upon the Canadian mills.

The opportunity for the Canadian mills lies in supplying a greater percentage of the chemical pulp requirements of the States. Shortly after the last war Canada supplied practically all of the States' importations of unbleached sulphite, but since 1922 the Scandinavians have dominated the market. Much the same situation exists in the bleached sulphite and the unbleached sulphate markets. The Dominion has managed to retain the major share of the bleached sulphate market.

Pulp Producers

Stocks:

	Outstand. $	Earned Per Share 1938 $	Earned Per Share 1937 $	Div. Rate $	Price Range 1938-39 High	Price Range 1938-39 Low	Last Price	Yield %
Abitibi:	(See Newsprint Section.)							
British Columbia Pulp & Paper:								
Pref. 7% cum., Par $100	556,200	d69.51	40.46	nil	..	..	..	..
Common, n.p.v.	100,000 shs.	d4.26	1.86	nil	..	..	..	..
Brown Company:								
6% pref. cum., par $100	10,000,000	....	....	nil	..	..	..	..
Common, n.p.v.	†400,000 shs.	....	....	nil	..	..	..	..
†All owned by officials of the company.								
Canadian International Paper:	(See Newsprint Section.)							
Gaspesia Sulphite:								
Common, par $5	*320,000	....	....	..	..	..	..	..
*Authorized.								
Lake Sulphite Pulp:								
Common	150,007 shs.	Not available		nil	13.00	0.50	1.75	..
Minas Basin Pulp:								
Pref., 7%, par $100	222,900	Not available		..	..	..	..	..
Common, par $50	350,000			..	..	..	..	..
Port Royal Pulp & Paper:								
Common, n.p.v.	40,545	Not available		..	..	..	..	..
Quebec Pulp & Paper:								
7% Pref. non-cum. red., par $100	7,000,000	....	....	nil	..	..	..	..
Common, n.p.v.	100,000 shs.	....	....	nil	..	..	..	..
Restigouche:								
Common, n.p.v.	*250,000 shs.	....	....	..	..	..	..	..
*All owned by Fraser Companies.								

Bonds:

	Int. Rate %	Maturity	Outstand. $	Times Int. Earn. After Deprec. 1938	Times Int. Earn. After Deprec. 1937
Abitibi:	(See Newsprint Section.)				
British Columbia Pulp & Paper:					
1st Mtge. S. F. Gold	6	1950	3,130,500	nil	2.17
Gen. Mtge. S. F. Gold	†7	1950	1,223,500		
†Coupons payable May 1, 1932, to Nov. 1, 1934; Nov. 1, 1935, to May 1, 1937; and Nov. 1, 1938, to May 1, 1942, incl. all postponed to Nov. 1, 1942. Interest on unpaid coupons at rate of 7%. Interest due Nov. 1, 1937, and May 1, 1938, paid in cash. Sinking fund payments due prior to Nov. 1, 1941, cancelled.					
Brown Company:					
1st Mtge., S. F. Gold, A	5½	1946	16,732,500	nil	1.11
Do., Series B	5½	1950	4,683,000		
Interest in default on Series A from Oct. 1, 1935; Series B from Sept. 1, 1935, and protective committee formed.					
Canadian International Paper:	(See Newsprint Section.)				
Lake St. John Power & Paper:	(See Newsprint Section.)				
Lake Sulphite Pulp:					
1st Mtge. Conv., A	5½	1957	*3,000,000	....	....
*To be issued and outstanding. Not issued due to company's financial condition. Late in 1937, company issued $1,250,000 10-year convertible notes which are convertible into stock at $28 per share.					
Minas Basin Pulp:					
1st Mortgage	5, 5½, 6½	1949-57	524,530	....	....
Refund. gen. mtge.	5½	1953	128,500	....	....
Port Royal Pulp & Paper:					
1st Mtge., Serial	5	1937-41	625,000	Not available	
Restigouche:					
Prior Lien, 10-yr.	6	1942	*500,000	....	....
Mtge. S. F.	6	1948	4,291,500	....	....
*Authorized; none issued.					

Pulp Companies Reviewed

B. C. Pulp

British Columbia Pulp & Paper Co. reports improvement in its operations. During the first half of the year the company operated at about 50% of capacity, but recently production was stepped up to nearly 100%.

At present more than half of the company's output is bleached sulphite for paper making and the balance for rayon manufacturing.

Both operations and outlook for the company have undergone a change for the better in recent months. It will be recalled that in 1938 it was necessary to close down operations. The company was adversely affected by its inability to continue large shipments to the Japanese market, because of foreign exchange difficulties of that country. While the Oriental market has not been re-established, the company has been able to build up other outlets for its pulp products. In addition, wartime conditions create a demand for pulp, particularly in the United States, because of the difficulty in securing regular supplies from the Scandinavian producers.

Bondholders Help

In the late fall of last year the 7% general mortgage bondholders approved a further postponement of interest payments. The company was relieved of making any interest payments until Nov. 1, 1942. Coupons maturing May 1, 1932, to Nov. 1, 1934, inclusive, and those due Nov. 1, 1935, to May 1, 1937, inclusive, which under a previous agreement were postponed until Nov. 1, 1940, were postponed for a further two years, together with coupons maturing Nov. 1, 1938, to May 1, 1942, inclusive. Interest on the unpaid coupons will be paid at the rate of 7% annually under the terms of the by-law.

Last May holders of the first mortgage bonds approved postponement of interest payments due in 1939 and 1940 to 1942. In addition they decided to waive and cancel sinking fund payments up to and including 1942.

Sell Idle Assets

Bondholders also authorized dismantlement and sale of fixed assets at Swanson Bay where the company has a mill which has been idle for a number of years.

The changed position in respect to earning power is clearly shown in last year's accounts. For 1938 the company had an operating loss of $42,093 as against an operating profit of $1.2 million the year before. There was a deficit of $386,630 after bond interest, but before depreciation, compared with a profit of $850,011 the year before.

Directors—Lawrence Killam, pres.; George Kidd, vice-pres.; O. A. Jorgenson, treas.; R. C. Buchanan, W. H. Malkin, Cecil Killam, Vancouver; I. W. Killam, Montreal.

Sec.—Miss E. M. Dominy.

Brown Co.

No solution has yet been found for a satisfactory reorganization plan for Brown Co., one of the more important pulp and paper operators, with mills at Berlin, N.H., and LaTuque, Que. Numerous plans have been proposed and studied but final decision has not yet been reached.

The most important development over the past year in the efforts to rehabilitate the company was the step taken to secure assistance from the Reconstruction Finance Corp. Last April it was announced that the R. F. C. had agreed to loan $9 millions to the company under certain conditions. One is that it shall be secured by a prior lien on all important assets of the company other than current assets; and that both the management and reorganization plans shall be acceptable to the R.F.C.

Another Plan Filed

The following month a plan of reorganization was filed in the Federal Court at Portland. The scheme, which was based upon the financial aid of the R.F.C., proposed that holders of the first mortgage bonds would receive for each $1,000 of principal and interest, a $600 general mortgage 5% 20-year bond; a $606 convertible cumulative income debenture, exchangeable for 60 shares of voting trust common stock; 20 shares of common stock.

Preferred stockholders would get one and one-fifth share of new $5 preferred stock and two shares of common stock for each share of stock held.

The Brown family, which holds most of the present common stock, would get 63.36% of the proposed new common stock.

Committee Still Working

There is no indication that this scheme is acceptable to all the interests concerned. A committee representing the various creditor interests, is at work on a recapitulation of all plans with a view to arriving at a common agreement. Indications are that the proposal outlined does not come from the committee.

In 1937 Brown Co. reported a sharp increase in profits, but in 1938 there was a net loss of over $3.8 millions. Before allowing for depreciation and deferred interest payments the consolidated loss was $878,031 as against a profit of over $2.9 millions for 1937. The statement included the report of the Canadian subsidiary, Brown Corp., which operates a pulp mill at La Tuque. The latter showed a loss of $534,681 as compared with a profit of $17,618 for the previous fiscal year.

Wartime conditions and the restriction of foreign supplies should bring about a sharp increase in the demand for domestic pulp, in which Brown Co. will share.

Officers—H. J. Brown, pres.; O. B. Brown, vice-pres. & treas.; W. R. Brown, asst. treas.

Gaspesia

Gaspesia Sulphite Co., in which Anglo-Newfoundland Development Co. has a substantial investment interest, is coming into its own. Over the past year the quality of production has been considerably improved and the company now has a high-grade unbleached sulphite pulp suitable to the requirements of the United States market. This pulp has come to be recognized by American consumers as being competitive in quality to the Scandinavian pulp, but due to prior commitments of American mills the demand has as yet been poor.

The war has changed the outlook for Gaspesia. The Scandinavian producers are expected to have difficulty in maintaining regularity of supplies, while the cost of shipping will be an added burden on the American consumer. Consequently it is anticipated that Gaspesia will have no difficulty in marketing its pulp in the United States.

No official information is available on sales or earnings. The company is financed privately by the so-called Rothermere group which acquired the property about the end of 1936.

Lake Sulphite

Lake Sulphite Pulp Co. continues in liquidation. Earlier in the year the receiver manager asked for offers to purchase the various assets of the company. No offers were received.

As it stands now, the Lake Sulphite property consists of well-located timber limits and a partially completed mill. It would probably take six months to put the plant into operation. Before this could be done, however, it would be necessary to raise at least $1.5 million, in addition to the money that would be raised from the sale of the bonds.

Originally it was estimated that it would cost about $6.5 millions to put the enterprise into operation, but under present conditions it is more likely to cost between $8.5 millions and $9 millions.

War Affects Position

The collapse of the sulphite market held back plans for reorganization of the company. Because of war conditions the outlook for the pulp market has undergone a marked change and it may be that those interested in the rehabilitation of the property will have less difficulty in securing the necessary capital. It may also mean that the existing security holders and creditors will get better terms than might otherwise have been the case. The prospects of an internal reorganization are not especially promising and it would appear that the reorganization will be dependent upon interesting outside capital. Two or three groups are known to be interested.

Directors — R. O. Sweezey, chm.; John Stadler, pres.; Joseph Simard, Montreal; B. L. Smith, G. C. Leitch, J. W. McCool, Toronto.

Gen. mgr.—J. B. Beveridge. **Sec.-treas.**—W. H. Hurd.

Shareholders' Committee — G. G. Blackstock, Peter Campbell, Toronto; G. S. Burden, J. McL. Stephens, N. C. Polson, Marius Doye, Montreal; Harold Freeburne, Hamilton.

Minas Basin Pulp

Minas Basin Pulp & Power Co. is one of the few remaining pulp firms in Canada whose operations are devoted exclusively to the manufacture of groundwood pulp. Operations are centred at Hantsport, N.S., and the entire outrut of the plant, amounting to 60 tons daily, is sold to the Scott Tissue Paper Co. in the United States. Operations have been maintained at capacity for some time past and indications are that the output for 1939 will be on a par or better than that of the previous year.

Up to the end of April 30 last, Minas Basin reported an operating profit of $40,000, including depreciation. This compares with a net operating figure of $111,674 for all of 1938, before providing for bond interest and depreciation. After these charges, the company showed a net profit for 1938 of $9,826.

A short time ago Minas Basin carried out an important expansion programme involving the construction of a new power plant. The financing of this development was covered by temporary arrangements, a condition which is reflected in the balance sheet.

At the end of last year the company's current liabilities totalled $198,423, including a bank loan of $43,000. It has outstanding deferred liabilities of $155,914 of which $46,030 matures in 1939. Further the balance sheet lists convertible demand notes of $9,700; serial time notes, convertible and demand notes, due 1939 to 1952, of $122,900, and $20,500 of convertible notes due Jan. 1, 1940. Bond debt stands at $653,030.

On the asset side of the balance sheet, current accounts amount to $103,920, while fixed assets are carried at just under $1.5 million. Investment in subsidiary and affiliated companies is shown at $52,053.

Operations of the company's subsidiary, Canadian Keyes Fibre Co., continue along favorable lines. This company's output is largely devoted to the manufacture of pulp products such as pie plates, etc.

Depends on Contract

It is rather difficult to appraise the outlook for Minas Basin, inasmuch as no particulars have been made public as to the terms of its contract with Scott Tissue Paper Co. The expectation is that under wartime conditions costs will increase, which in turn should be reflected in a higher selling price for all grades of pulp, including groundwood.

Directors—Albert Parsons, pres.; D. W. Murray, senior vice-pres.; C. P. Wyman, vice-pres., asst. sec. and asst. treas.; R. A. Jodrey, man. dir., sec. and treas.; G. A. Chase, L. B. Chase, F. M. Covert, K. L. Crowell, R. W. Harris, F. C. Manning, P. T. Strong, Mrs. A. L. Wright.

Quebec Pulp

There has been no change in the position of Quebec Pulp & Paper Corp., jointly controlled by Consolidated Paper and Price Brothers & Co. This company owns mills at Chicoutimi and Val Jalbert. In addition to valuable freehold timber limits, the company has important developed and undeveloped water powers.

The mills have been idle for some years. Last April, Premier Duplessis brought in legislation extending to July 1, 1941, the time in which the Government may act to reopen the Chicoutimi mill.

In the event that the Government is successful in interesting capital to reopen the mill, the interests of the preferred shareholders of Quebec Pulp would be protected. No change in ownership is possible without considering their claims.

At present the company has outstanding $7 millions of 7% non-cumulative preferred stock. No dividends have ever been paid. The company has a small income from investments, but not nearly sufficient to take care of its expenses. The consolidated balance sheet at the end of last year did not show any material changes. Holdings of government and municipal bonds declined during the year from $530,000 to $470,000. Reserves for claims by the Province of Quebec was increased from $1,097,178 to $1,249,230.

Conditions have not been suitable

(Continued on page 19)

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GASPESIA SULPHITE COMPANY, LTD.
POST OFFICE BOX 38 ● QUEBEC, P. Q., CANADA

150-Ton Mill at Chandler, Quebec; Head Office at Quebec, P.Q., Canada.

Water Shipments in SMALL or LARGE Cargoes from Port of Chandler, on Gaspe Coast.

War and Advertising

Half of U. S. National Advertising "Born" During Past War

What will happen to Canada's greatest newsprint market — the United States — under war conditions? Will the consumption of paper fall off and in turn mean the restriction of deliveries to a market which takes over 80% of the Dominion's output? What happened during the last war?

There is one thing that will largely determine the extent of American publishers' purchases of newsprint —the volume of advertising. If advertising is maintained or increased, demand for Canadian newsprint will follow along the same lines.

While it does not necessarily mean that the trend of American advertising in the months immediately ahead will follow the same pattern as in 1914-1918, still what did happen in that period affords a clue as to what may happen.

Twenty-five years ago young Gavrilo Princip assassinated Austria's Archduke. Fear grasped the United States that summer. The business trend line shot down. The New York Stock Exchange closed.

What Happened in 1914

What happened then to advertising? Here is the result of a factual survey made by L. M. Hughes, advertising news columnist of the New York Sun, and printed in Editor and Publisher:

But soon business and advertising were going up again. They continued up right through the "world war" period, including the 19 months of our own participation.

Consider a few general economic factors. The nation's wealth rose from 186 to nearly $321 billions between 1912 and 1922, according to the Bureau of the Census. New life insurance purchases, the Association of Life Insurance Presidents reported, increased each year from 1913 through 1919, from $2,329 millions to $5,926 millions.

The number of failures of commercial concerns, not including banks, was slightly larger in 1914 and 1915 than in 1913, Dun & Bradstreet found, but in the next four years it declined steadily. There were only 9,982 failures in 1918, with assets of $101 millions and liabilities of $163 millions, as against 18,280 failures in 1914, with assets of $265 millions and liabilities of $358 millions.

Wadsworth & Walker, New York advertising agency, recently pointed out that Sears, Roebuck's sales in 1914 were nearly $6 millions more than in 1913 and were more than $31 millions larger in 1917 than in 1916.

The Bureau of Advertising, American Newspaper Publishers' Association, has estimated that the volume of national advertising in newspapers was consistently upward from 1915 through 1919. Although data for newspapers, as for other major mediums, during the "world war" period, are not complete, the trend was uniformly upward.

Thus the bureau's year-by-year estimates on national advertising in newspapers were:

1915	$55,000,000
1916	75,000,000
1917	80,000,000
1918	90,000,000
1919	150,000,000

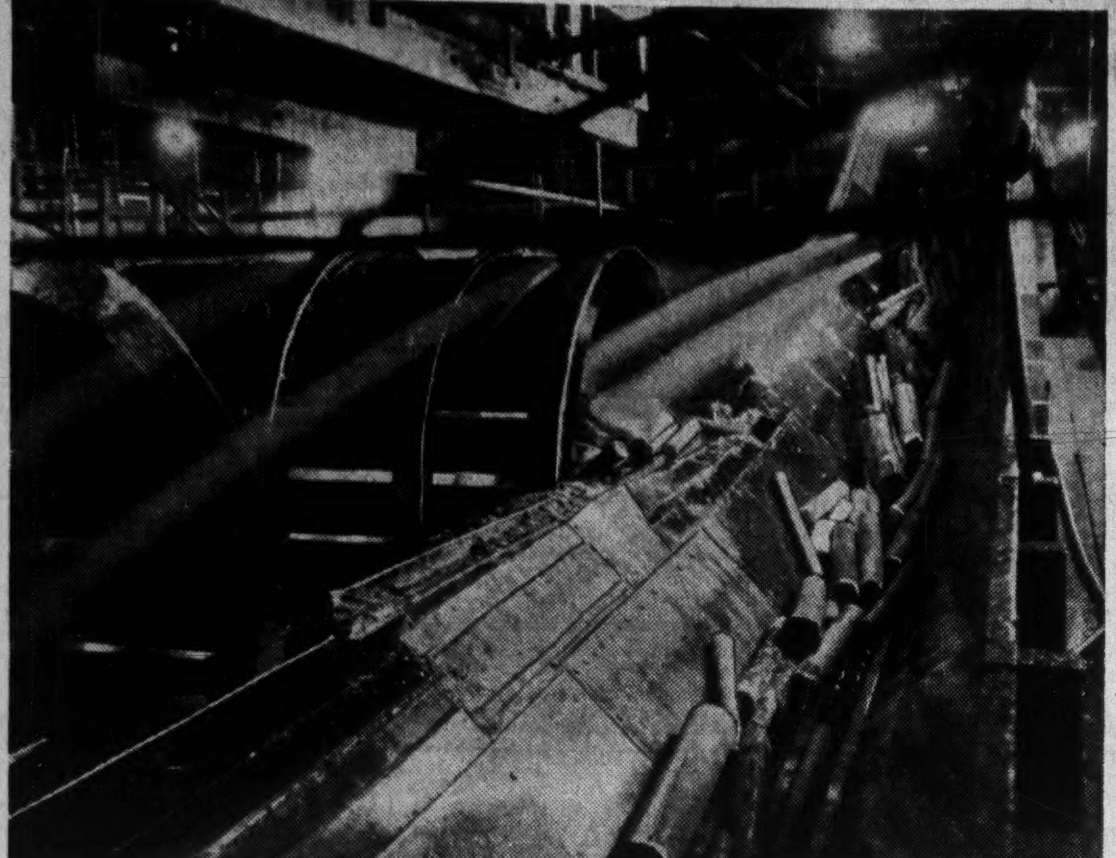
National Programme Expands

It should be noted, however, that in each case the increase of 1919 over 1918 was sharper than the trend during the war. Return to "normal" conditions, plus the ending of war profits taxes, doubtless were responsible.

A study made by Publishers' Information Bureau of expenditures of advertisers spending $10,000 and up annually in 36 magazines and farm papers showed:

1914	$22,200,000
1915	22,600,000
1916	32,500,000
1917	42,000,000
1918	49,300,000
1919	79,700,000

Year-by-year estimates for outdoor advertising are not available. The Outdoor Advertising Association of America has figured, however, that the total of all outdoor advertising in the country rose from $2 millions in 1900 to $4 millions in 1912 to $15 millions in 1917 and $35 millions in 1921.



—C. N. R. Photo.

Barking the newly arrived logs at Smooth Rock Power and Paper Co.'s mill at Smooth Rock Falls, Ontario.

War Widens Pulp and Paper Markets

(Continued from page 15)

are concerned. On shipments to Australia and New Zealand the transportation charge is borne by the importer.

Canada's trade with the United Kingdom, in particular, may be affected. Not only will there be the difficulty in maintaining regular supplies, but the restriction in the size of British papers, already in effect, will have the tendency to lower consumption.

Then, too, some of the other markets, such as South Africa, may be difficult to supply.

Again one must consider that rising costs will tend to act as brake on increasing consumption. For example, the Australian or South American papers may find that the rising cost of paper is too great to permit of any expansion in consumption; in fact, may, in time, cause a restriction in use.

Have to Await Trend

These are all unknown factors at this stage. Just as in the case of Scandinavian shipments to the States or South America, sufficient time has not elapsed to allow of the development of new trends. However, it can be taken for granted that many changes are in prospect for all markets. There may be an increase in deliveries of paper to one market; a decline to another; with the net result an unknown quantity.

Caution is needed, therefore, in endeavoring to arrive at any conclusion as to how much additional tonnage will come to the Canadian mills. All that it is possible to say at this juncture is that some 150,000 to 250,000 tons are in a state of flux and the Canadian operators are hopeful that much of this business will come to them.

Prospects in U. S. Markets

It is possible to be a little more definite in regard to the American market. There is a small block of German tonnage that will have to be placed elsewhere. Many of the publishers now securing their supplies from Scandinavia may not consider their line of supply secure and will switch to either domestic or Canadian mills. As the domestic mills are close to their effective capacity at present price levels, the additional business appears destined for Canada.

The great hope of the Canadian mills lies in the prospect of a sharp increase in consumption in the United States next year. Because of its neutral position, the United States is expected to experience a broad expansion in industrial and business activity. This will make itself felt in greater spending power and in turn demand for goods. This means more advertising by national and local distributors. On top of that reader interest in war developments already has caused a marked increase in circulation and in turn paper consumption.

Based upon the changing demand for paper by the American publishers during the first few weeks of September and the prospects for next year, it is estimated that U. S. newsprint consumption next year will rise at least 5% and possibly as high as 10%. The latter figure appears to be the more generally accepted one, for it also covers, if too large, a switching of Scandinavian tonnage. If consumption rises as much as 10%, an extra 350,000 tons of paper will be needed to meet requirements.

If the U. S. trend of consumption develops along expected lines and having in mind the large tonnage which is directly affected by state of war existing in Europe, it is possible that Canadian mills will receive as much as 500,000 tons of additional business in 1940. This, it should be emphasized, is only an estimate, more on the high than on the low side. And everything is conditional upon the time element of how long the war will last.

Benefit to Industry

How will this affect the Canadian industry? An increase of 500,000 tons in business would enable the mills to step up the operating ratio to 75% of capacity. They are currently operating at 63% of capacity.

The greater operating ratio would reduce production costs by probably as much as $2 a ton if other factors remained unchanged.

As regards materials, the industry is in good shape. There is sufficient wood on hand to take care of requirements over the next nine months. But supplies, such as wires, chemicals, fuel, etc., are already advancing. Higher taxes have been imposed and more will come. The excess profits tax barely touches the industry at this time. However, other taxes do affect costs.

For the time being the costs of the industry are reasonably well under control. They are and will continue to advance, offsetting, in part, the savings effected by the better operating ratio.

The principal gain will come from the premium on American funds. With over 80% of the Canadian production sold in the States, the premium will, at 10%, give the operators an additional $5 a ton.

This factor was taken into consideration in setting the price for the first quarter of 1940. It is not all "velvet" by any means. For example, the railways have imposed an exchange surcharge which will cost the Canadian mills at least 50 cents a ton on all rail shipments.

The price has been set only for the first three months of next year. Before the end of March it will be possible to make a closer appraisal of the effect of war on production, shipping and sales costs. If necessary the selling price can be adjusted. However, in view of the announced policy of the industry, any such adjustment is likely to be of minor proportions.

Earn More Per Ton

As far as can be foreseen at this time the Canadian industry ought to make between $3 and $4 a ton more than will be made on production in 1939.

This additional revenue, together with increased tonnage, will have a material effect on the revenues of the individual operators. The senior charges should be covered by a comfortable margin, after making adequate provision for depreciation and depletion. It is a little difficult to see how any large profits are likely to accrue on the junior securities next year but they should be put in a position where, if the war continues as long as three years or more, they will once more have adequate earning power.

At this stage leaders of the industry are concerned with two problems. They do not want a repetition of the last war when a runaway market nearly wrecked the industry. There is sufficient capacity to take care of all normal and expected increases in the demand for newsprint. There is no need for further expansion of productive facilities.

Following Sounder Policy

The industry wants to make money. That is only natural after the last 10 lean years. But it does not want to make money at the expense of the future. The manufacturers can plainly see an exceptional opportunity to consolidate their position. Publishers the world over have many manifold problems arising out of the war, not the least of which is in obtaining regular supplies of paper at a reasonable cost. Any attempt at profiteering by the manufacturers in this country would be successful temporarily, but in the long run the effect would be to divert business to other sources. By being content with a reasonable profit, the manufacturers can show higher earnings through increased tonnage. By following this policy they gain the goodwill of the buyer, especially the American buyer, and create what is in effect insurance against the disruption of trade which follows upon the cessation of hostilities.

Pulps Co's.

Quebec Pulp

(Continued from page 18)

for the reopening of the company's mills. The groundwood market at times has shown signs of strength, but conditions have never been such as would justify the expenditure of any large sum to recondition the plant. Consequently there has been difficulty in interesting outside interests, while the controlling interests, namely, Consolidated Paper and Price Brothers & Co., have not seen fit to put up any additional money.

It may be that in the event of the war lasting for some time, the demand for groundwood may result in higher prices. This might make the enterprise attractive to new capital.

Officers and Directors—A. S. McNichols, pres.; C. R. Whitehead, vice-pres., Montreal; Maj. Edward Flynn, vice-pres., Kenogami, Que.; G. M. McKee, J. G. Porteous, George Henderson, Montreal; J. H. Price, Col. C. H. L. Jones, Quebec, P.Q.

Treas.—Oswald Brand. **Sec.**—J. M. Carignan.

Port Royal Pulp

Operations of Port Royal Pulp & Paper Co.'s mill at Fairville, just outside of Saint John, were resumed about mid-year as a result of financial arrangements made with the provincial and municipal governments. The mill was closed when Japanese interests were unable to get sufficient foreign exchange to cover the cost of pulp purchases from the Port Royal company.

Following representations by owners of the property, arrangement was made whereby a bond issue of $200,000 was jointly guaranteed by the Province of New Brunswick, City of Saint John and the Parish of Lancaster. These bonds were not offered to the public but were hypothecated with the banks against loans as required.

In return for this guarantee the companies undertook to assure employment to 200 men and operate at least 10 months a year during the five-year period of the guarantee. The guarantors are jointly to have the right to name directors to the board of the company and, moreover, will hold a first mortgage on the property as security.

Present prospects are that there will be a good demand for pulp with rising prices, which should bring about an early re-establishment of operations on a financially sound basis.

Restigouche

Operations of Restigouche Co., high-grade sulphite pulp manufacturer and a subsidiary of Fraser Companies, have dragged this year. Unless there is a marked improvement during the last quarter, it is doubtful if earnings will be much larger than they were in 1938, when the company reported $555,596 compared with $924,336 the year before.

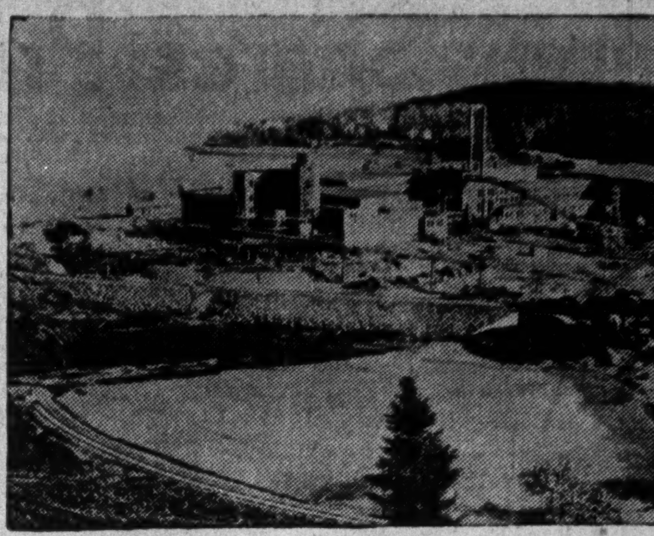
The company is one of the principal rayon pulp manufacturers in the Dominion and like other operators in the same field, has had its operations curtailed due to the falling off in demand and the oversupply of pulp.

During the current year the market has been working into a better position, but the price to date has not shown any particular strength. However, the indications are at this time that all grades of pulp will be in better demand with higher prices prevailing. Consequently the outlook is more encouraging now than it has been since the early part of 1938.

Last year's showing might be considered disappointing in some respects, but examination of the balance sheet shows that progress was made. Net working capital increased during the year from $699,743 to $972,752. Inventory showed a moderate expansion, while the bank loan was reduced from $275,000 to $77,000. In addition, an amount of $21,458 owing to Fraser Cos. was liquidated.

Directors — K. S. Maclachlan, pres. and gen. mgr., Montreal; A. W. Brebner, vice-pres., Cambellton; Donald Fraser, Plaster Rock; Harold Crabtree, A. H. Campbell, A. M. Irvine, H. P. Thornhill, Montreal; S. F. Duncan, Toronto; F. C. Beatteay, Saint John; Hon. R. B. Hanson, Fredericton.

Treas. & sec.—L. M. Sherwood.



Mill at Baie Comeau, P.Q.

The Ontario Paper Company Limited

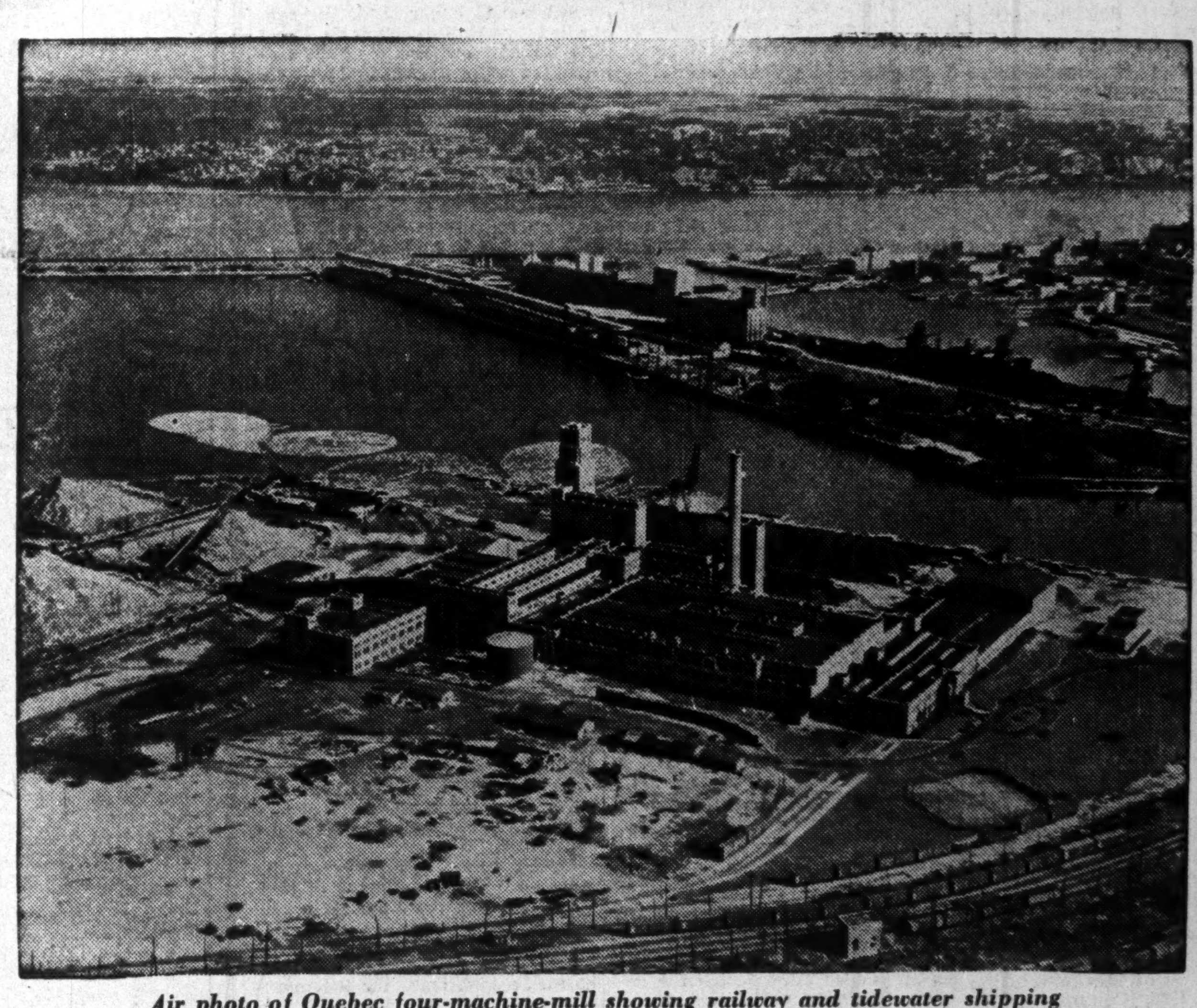
Mill and Head Office—Thorold, Ontario.
Together with its wholly owned subsidiary

The Quebec North Shore Paper Company Limited

Head Office—680 Sherbrooke St. W., Montreal, P.Q.
Mill at Baie Comeau, P.Q.

Manufacturers of Newsprint for THE CHICAGO TRIBUNE; THE NEW YORK DAILY NEWS.

ANGLO-CANADIAN
PULP AND PAPER MILLS
LIMITED



Air photo of Quebec four-machine-mill showing railway and tidewater shipping facilities and wood piles, pulp rafts and a part of Quebec Harbor in background.

•

Manufacturers of

NEWSPRINT PAPER
and
UNBLEACHED SULPHITE

DAILY CAPACITY 580 TONS

•

Owns timber limits on Manicouagan River and on
Montmorency River, Quebec; owns and operates
four-machine-mill at Quebec City.

Offices at Quebec City

Direct Communication with Both Canadian Railways

PRIVATELY OWNED WHARF AT TIDEWATER

ROSS SYSTEMS
HEATING—VENTILATING—DRYING

Manufacturers of Equipment for Pulp & Paper Mill Heating, Ventilating and Air Conditioning
Factory Heating, High and Low Temperature Drying and Processing.

PRODUCTS: —

Heating-Ventilating-Drying:
- Ross-Briner Economizer
- Vapor Absorption Equipment
- Ross-Grewin Equipment
- Machine Room Ventilation
- Grinder Exhaust
- Heating for Finishing, Beater and Storage Rooms
- Ross-Hooper Smelters
- Drying and Conditioning
- Unit Heaters, Filters
- Fans—Blowers
- Sheet Metal Work
- Ross Conditioning Units
- Ross Paper Machine Hoods

COMPLETE HEATING AND VENTILATING AT BAIE COMEAU
Including New Type Ross Panel Asbestos Board Hoods

Oil or Gas Fired Heating, Drying and Processing Equipment
- Space Heating, Gas Fuel
- Space Heating, Oil Fuel
- Gas or Oil Fired Unit Heaters
- Heat Exchangers
- Dryers, High Temperature
- Dryers, Direct and Indirect Heat
- Dryers, Continuous and Progressive
- Ovens, Drying and Conditioning
- Portable Oven Panels
- Conveyor Type Ovens

ROSS ENGINEERING OF CANADA, LTD.
Dominion Square Building - Montreal, P. Q.

Fine Paper Shares Prospects

Wartime Conditions Are Expected to Improve Operations

Fine paper manufacturers are just as much affected by wartime conditions as any other branch of the industry.

Over the past 9 months there has been a steady, though not spectacular, advance in demand. Indications were that sales for 1939 would be somewhat larger than in 1938, but revenues would not show a proportionate gain because of the lowering of price schedules. Now all that is changed. There has been a sudden demand for supplies, part for the purpose of stocking up in anticipation of price advances, and part to replace the anticipated cutting off or reduction in imported specialties.

Rising costs will be one of the difficulties faced by the fine-paper makers. In this respect their case is no different from that of the newsprint and pulp makers. On the other hand there are a number of special materials needed in making fine papers, such as clay and rags, much of which are imported. It will be recalled that during the last war costs mounted rapidly which, in turn, was reflected in selling prices. Consumption was kept to a minimum, though the wartime demands made for increased requirements of papers and paper products.

One factor to keep in mind regarding the fine paper and paper specialty firms is that financially they have made a much better showing than the newsprint or pulp companies. An expansion in profits, therefore, is likely to bring them within the scope of the newly enacted excess profits tax. Taken as a group they are not earning an adequate return on capital, but the margin between the return allowed by the Government and when the tax comes into effect is almost negligible compared with the newsprint and pulp companies.

Fine Paper and Specialties

Stocks:

	Outstand. $	Earned Per Share 1938 $	Earned Per Share 1937 $	Div. Rate $	Price Range 1938-39 High	Price Range 1938-39 Low	Last Price	Yield %
Don Valley Paper:								
7% Pref., par $100 ..	679 shs.	Not available		nil	..	..	..	..
Common, n.p.v.	2,967 shs.			nil	..	..	..	..
Majority of shares owned by Alliance Paper Mills.								
E. B. Eddy:								
Common, par $100 .	300,000	Not available		†	..	..	..	..
†Not made public.								
Fraser Companies:								
Common, n.p.v. ...	371,016 shs.	d0.05	2.05	nil	20⅛	5	14½	..
Restigouche:	(See under Pulp Section.)							
Fraser Paper:								
Common, n.p.v.	*	....	....	..	..	..	..	..
*Pledged as security for parent company's first mortgage bonds.								
Howard Smith Paper Mills:								
Pref. cum. red., par $100	6,251,600	14.38	17.10	6.00	99	88	95	6.3
Common, n.p.v.	329,863 shs.	1.59	2.11	nil	18	8½	14	..
Canada Paper:								
Pref. cum., par $100	*1,250,000	28.37	25.48	nil	..	..	..	..
Common, par $5 ...	*100,000	....	....	nil	..	..	..	..
*All owned by Howard Smith Paper Mills.								
Alliance Paper Mills:								
Pref., cum., par $100	1,003,500	Not available		nil	..	..	..	..
Common, n.p.v. ...	100,000 shs.			nil	..	..	..	..
Howard Smith Paper Mills holds about 18% of preferred and majority of common shares outstanding.								
Interlake Tissue:								
Common, par $100 ..	625,000	Not available		..	..	..	..	..
Provincial Paper:								
Pref. cum., par $100	3,500,000	6.92	9.74	7.00	..	..	..	..
Common, n.p.v. ...	*100,000 shs.	d0.03	0.96	nil	..	..	..	..
*All held by Abitibi Power & Paper Co.								
Rolland Paper:								
Pref. cum., par $100	1,500,000	8.46	9.79	6.00	102½	90	90	6.6
Common, n.p.v. .. .	60,001 shs.	0.62	0.95	0.50	16	7	9	5.0
Westminster Paper:								
Common, par $10 ...	477,890	*1.84	†0.62	0.50	11	10	10¾	4.6
*For year ended Jan. 31, 1939. †Year ended July 31, 1937.								

Bonds:

	Int. Rate %	Maturity	Outstand. $	Times Int. Earn. After Deprec. 1938	Times Int. Earn. After Deprec. 1937
Fraser Companies:					
1st Mtge., Series 1936	6	1950	*7,708,000	0.96	2.96
*In addition $2,102,000 held by bank as security for special loan and $200,000 held by trustee.					
Restigouche:	(See under Pulp Section.)				
Fraser Paper:					
1st Mortgage	6	....	*2,500,000	....	....
General Mortgage	7	....	*7,500,000	....	....
*Pledged as security for parent company's first mortgage bonds.					
Howard Smith Paper Mills:					
1st Mtge., Serial	3-4	1939-46	2,500,000	4.26	4.85
Do., Series A	4¼	1951	3,300,000		
Canada Paper:					
1st Mtge., Serial A	3-3½	1939-45	875,000	7.75	5.55
	4¼	1952	700,000		
Provincial Paper:					
1st Mtge., A	5½	1947	3,400,000	2.34	2.87
Rolland Paper:					
1st Mortgage:					
Series A	3	1939	75,000	2.75	2.98
Series A	3½	1940-42	225,000		
Series A	4	1943-46	300,000		
Sinking Fund bonds	4½	1951	1,400,000		
Westminster Paper:					
1st Mtge. S. F. Debs.	6½	1950	*204,500	16.26	5.04
*$91,500 held by sinking fund trustee.					

Don Valley Paper

Control of Don Valley Paper Co. was acquired in 1939 by Alliance Paper Mills Ltd., a subsidiary of Howard Smith Paper Mills, Ltd., by an exchange of Howard Smith Paper Mills shares and some cash.

Don Valley Paper operates a plant in Toronto, having a capacity of approximately 15 tons of specialty papers daily. Products include blotting paper, covers, Bristols, index, tag and folder stock and colored specialties.

Public interest in Don Valley Paper Co. was limited prior to acquisition of its control by Alliance Paper Mills.

E. B. Eddy

E. B. Eddy Co.'s sales and earnings this year are expected to show an increase over 1938. However, there is no official information on the trend of operations as this company is privately controlled.

Sales of newsprint are understood to be somewhat higher, in line with the general trend for the industry. Fine paper demand has reflected the general business situation.

Plant in Better Shape

During recent years the company has carried out plant improvements and extensions. During the past year the company continued this programme, building a 50-ton bleaching unit in conjunction with a wet machine and pulp storage building. Further, the company installed a 10-inch streamline with a 4-inch condensation return line, some 4,300 ft. long, running between what are known as the upper and lower mills of the company.

The company has no bonds outstanding and of the capital stock 49% is held by Gatineau Power Co., with the balance, or majority, controlled by private interests. Earnings have been such as to provide for regular distribution on the company's capital stock.

Fraser Companies

Fraser Companies Ltd. reports lower consolidated earnings for the first six months of 1939 than in the first half of 1938. Consolidated income and expenditure account for the period, subject to adjustment on audit, shows a net loss for the period of $447,539 as against a net profit of $109,307 for the same period of 1938.

Fraser's activities are divided into three divisions, high-grade rayon pulp, lumber and fine paper. There was an overproduction of high-grade sulphite pulp in 1937, resulting in a substantial carryover into 1938 and a weakened price structure. Added to this was a falling off in demand, which slowed down the absorption of the surplus stock and kept the pulp operators on a limited basis throughout 1938 and into this year.

The fine paper operations of Fraser which are handled by Fraser Paper, operating in Madawaska, continued to show satisfactory returns. This branch of the business has managed to operate on a fairly stabilized basis for some time. A considerable proportion of its output is taken by one or two large contract customers, while the high quality of the other products produced results in a ready market.

Fraser Cos. is in such a position that with a pickup in demand it can quickly re-establish a substantial earning power. Since midyear, operations have tended to show an improvement. The change has not been particularly marked but nevertheless the returns have been more satisfactory.

Directors—K. S. Maclachlan, pres. & gen. mgr., Montreal; Donald Fraser, vice-pres., Plaster Rock; Harold Crabtree, A. H. Campbell, A. M. Irvine, H. P. Thornhill, Montreal; S. F. Duncan, Toronto; F. C. Beatteay, Saint John, N.B.; Hon. R. B. Hanson, Fredericton, N.B.
Vice-pres. i/c fin., treas. & sec.—L. M. Sherwood.

Howard Smith

Sales of Howard Smith Paper Mills for the current year are expected to be better than in 1938. While it is still too early to make any forecasts as regards profits, indications are that net earnings will compare favorably with those reported in 1938.

Last year earnings of Howard Smith Paper Mills amounted to just under $2.4 millions. This was somewhat under that reported for 1937 but was well above the average of recent years. Net profit was equivalent to $1.59 a share on the common stock, as against $2.11 in 1937.

Spend Money on Plant

Over the last two or three years the company has carried out an extensive programme of plant expansion and rehabilitation. In addition, it has moved to consolidate its various interests until today the company is in a position to produce a wide range of pulp and fine paper products. It has largely eliminated minority interest in subsidiary companies.

The expansion programme carried out by the company at Cornwall and Windsor mills, together with the purchase of additional pulpwood limits, involved an expenditure of more than $2 millions. Mill capacity was increased from 275 tons daily to 375 tons.

Howard Smith and subsidiaries rank as the largest producers in Canada of fine paper, and, in addition, are important manufacturers of pulp. What they can earn under wartime conditions is problematical. No information is available to show the experience of the company or its constituents in the last war. The demand for all paper and pulp products, however, is likely to move forward with increasing values.

Directors—Harold Crabtree, pres.; E. Howard Smith, vice-pres., Montreal; George Pauline, vice-pres.; J. H. Gundy, C. L. Burton, Toronto; H. Smith, vice-pres.; Sir Herbert Holt, J. W. Pyke, W. A. Arbuckle, Howard Murray, J. D. Johnson, G. M. McKee, W. D. Robb, W. H. Howard, Montreal; George Chahoon, Jr., Grand Mere, Que.
Vice-pres. — E. K. Robinson. **Sec.-treas.** —K. G. Pendock. **Asst. sec.-treas.**—M. G. Peterkin.

Canada Paper

All of the capital stock of Canada Paper Co. was acquired by Howard Smith Paper Mills during the past year, following acquisition of the balance of preferred shares in the hands of the public.

Earnings of the company have been relatively stable in the last three years. During 1938 the company reported an operating profit of $640,453, as against $697,520 the year before. While there has been no marked change in demand so far this year, indications are that the financial statement for 1939 will be on much the same basis as last year. The company has always been able to cover bond interest and in recent years has shown fairly substantial earnings on the preferred and common stock.

Financially the position of the company has undergone a steady improvement, with net working capital at the end of last year amounting to over $1 million. The bonded debt has been reduced to less than $1.6 million while no bank loans have been shown by the company since 1935.

Interlake Tissue

Interlake Tissue Co. manufactures a wide range of paper specialties. Its products include paper napkins, towels, decorative crepe papers and similar products. This type of business apparently does not fluctuate much from month to month and fairly steady operations are maintained.

The company's plant is at Merritton, Ont. As there is no direct public investment interest in the enterprise, little information is available and financial statements are not made public.

Provincial Paper

Provincial Paper Ltd. makes and distributes high-grade book, bond, coated and writing papers. The company has four plants, all in Ontario. The total capacity of the company's four plants is about 190 tons a day, while it has a sulphite plant having a daily capacity of 60 tons a day and a groundwood plant capable of producing 100 tons daily.

Tonnage sales and earnings for 1939 to date have been moderately ahead of the same period last year. Demand has been well maintained and outlook good for the remainder of the year.

Provincial Paper Ltd. is controlled by Abitibi Power & Paper Co. through ownership of all outstanding common stock. Public interest in the company is confined to the $3.4 millions of 5½% first mortgage bonds and $3.5 millions of 6% preferred stock. While dividends on the common stock have not been paid regularly, the company has maintained regular payments on its preferred stock since it was issued in 1927. Last payment reported on the common was 90 cents a share for 1937.

Earnings of Provincial Paper have not been subject to as wide a fluctuation as those of the newsprint industry, but vary more nearly in accordance with general business trends. The company has a strong financial position, showing working capital of $2.5 millions at the end of 1938.

Directors — S. F. Duncan, pres.; W. H. Smith, vice-pres.; G. T. Clarkson, L. R. Wilson, A. F. White, E. R. Wood, Alex. Fasken, G. S. Niven, T. Broadhurst, Toronto.
Sec.-treas.—W. S. Barber.

Rolland Paper

Operations and earnings of Rolland Paper Co. are understood to be on an appreciably better basis this year. Indications are that, in view of the anticipated increase in demand for fine paper between now and the end of the year, the company should be able to show earnings well above those of last year. In 1938 it reported a gross revenue of $393,489, a decline of only $55,000 from the high figure set in 1937.

Over a period of many years this company has demonstrated its ability to maintain earnings on a consistently even level.

Rolland Paper operates two mills, one at Mont Rolland and the other at St. Jerome, Que., for the manufacture of high grade bond, writing and ledger papers. The company is making improvements in its power plant at the St. Jerome Mill, bringing about increased capacity through installation of a new turbine unit and auxiliary equipment.

Directors—Jean Rolland, pres., Montreal; J. Pierre Rolland and Hugh Mackay, vice-pres.'s, Montreal; Olivier Rolland, Mt. Rolland, Que., mill executive; J. A. Raymond, J. A. Weldon, J. B. McCarthy, Montreal; Jean Paul Rolland, St. Jerome, Que.; J. Y. Murdoch, Toronto.
Sec.-treas.—J. A. Forget.

Westminster Paper

Westminster Paper Co. makes wrapping papers, decorative papers, plain and printed papers, watermarked papers and many other special papers at New Westminster, B.C., the site being leased under a long-term arrangement calling for an annual rent of $750. The company's plant is modern, having been built since 1930.

Indications are that business and earnings during the year which ends Jan. 31, 1940, may reach a new record, provided that the progress as shown so far this year be continued.

At the present time it is the intention of the company to call the existing 6½% first mortgage bonds on April 1, 1940, at 103, and arrangements have been made to provide funds for refinancing. However, these arrangements were completed under more normal conditions than now obtain and for this reason, the directors will not commit the company to calling the bonds until the latest possible date. Since the arrangements and decisions were predicated on continuing normal business conditions, it may be that the move will be postponed.

It is understood that the contemplated financing would be at a considerable saving to the company but on a short term, almost demand, basis. Due to the fact that the presently outstanding bonds are not due until 1950, the company may elect to continue with the present issue.

In the year ended Jan. 31, 1939, Westminster Paper Co. earned $1.84 a share on its common stock and it is paying dividends of 50c. a share annually. Redemption of the debentures would leave the 47,789 common shares the company's sole capital.

Directors—J. J. Herb, pres. and man. dir.; E. M. Herb, vice-pres. and mgr., Bellingham, Wash.; F. F. Foote, treas.; J. G. Robson, R. C. Onkels, F. J. Hume, New Westminster; S. A. Lake, J. A. Courtney, Vancouver; F. J. Herb, Bellingham, Wash.
Sec.—J. N. Turvey.

Over 33,000 Workers Employed by Industry

Greater employment was provided by the Canadian pulp and paper industry in 1937 than in 1936. In all, the industry employed 33,205 workers, as against 29,478 the year before

Bank Loans Total Kept Under Control

Bank borrowings of Canadian pulp and paper companies, at the end of their last fiscal years, totalled $26,875,712. This compares with $25,507,998 at the close of the previous year. The fact that bank loans showed no material change during the year is a reflection of the stronger position to which the industry has worked itself.

	Bank Borrowings 1938 $	Bank Borrowings 1937 $
Abitibi	4,000,000	2,600,000
B. C. Pulp	1,169,462	270,736
Can. Inter. Paper .	......	674,000
Can. Wirebound ..	114,062	......
Consolidated Paper	7,618,617	7,892,617
Corrugated Paper.	14,594	39,140
Donnacona Paper.	982,600	560,000
Fraser Cos.	2,464,487	3,038,393
Great Lakes	56,000	1,000
Howard Smith ...	750,000	1,296,000
Lake St. John	1,196,500	......
Mersey Paper	677,000	311,000
Price Bros.	3,675,000	5,150,000
Restigouche	77,000	275,000
Rolland Paper ...	......	100,000
Spruce Falls Paper	1,795,139	1,707,083
St. Lawrence Pap.	2,285,254	1,593,019
Total	26,875,712	25,507,998

Newspring Securities

Pulpwood Buying Boon to Settlers

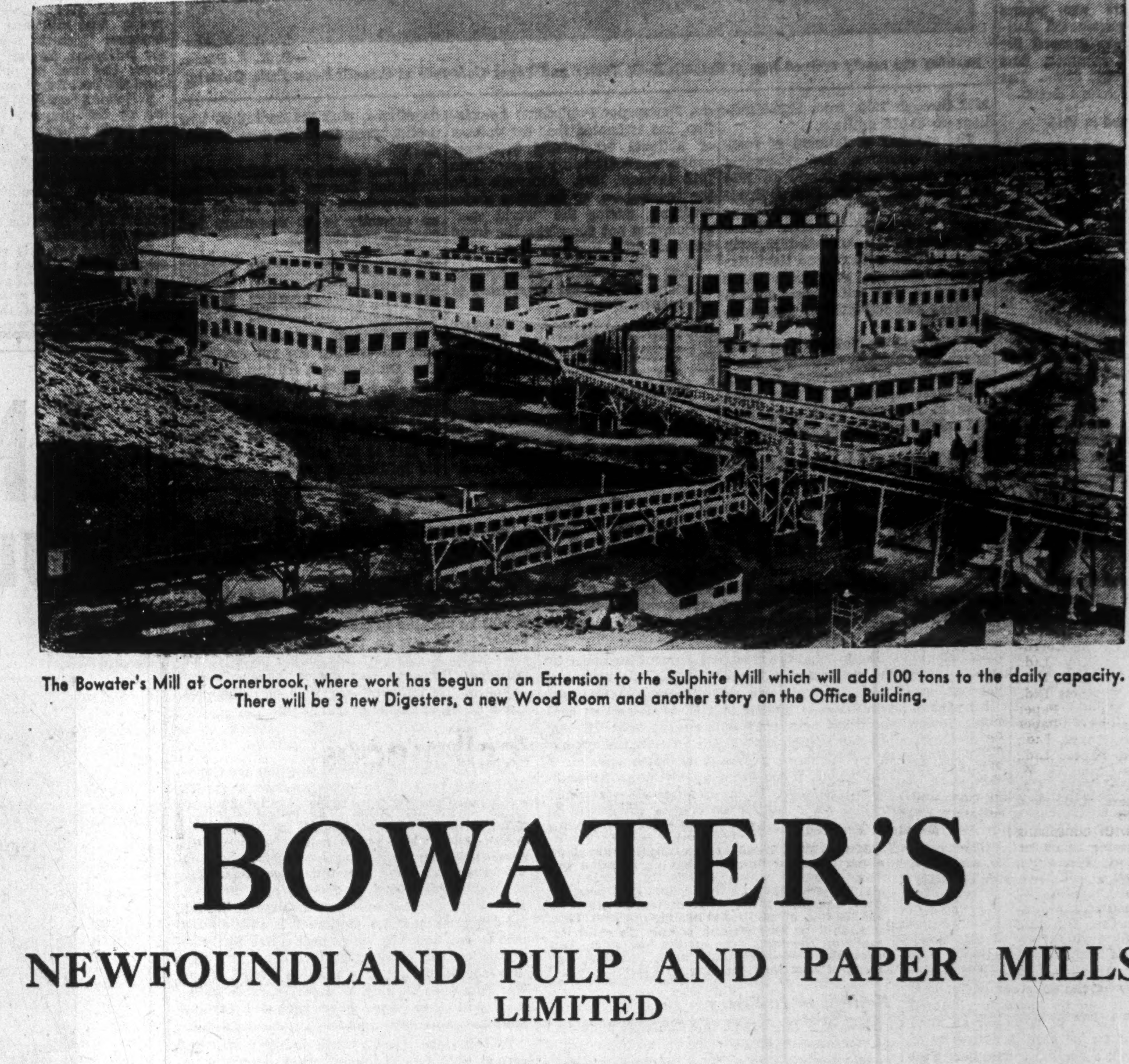
Although most of the large pulp and paper companies in Canada own or control their own timber limits, they frequently find it more economical to purchase pulpwood, and by doing so provide a market for wood cut by settlers and small operators.

In 1937 almost 36% of the wood used was bought in this way. Most of the spruce, balsam, fir and jack pine was cut on the company's limits, while a majority of the hemlock, poplar and other species was purchased.

In Ontario, Quebec and New Brunswick, the greater part of the material was cut on the operators' own limits, but elsewhere the reverse was the case.

Kraft Pulp Accounts For 14% of Exports

Sulphate or kraft fibre forms over 14% of the total tonnage of pulp exports from Canada in 1937. The United States took almost 93% of this class of fibre, while a little less than 2% went to the Empire countries, or to the United Kingdom. The remaining 5% went to Japan, Brazil, Germany and France, in that order.

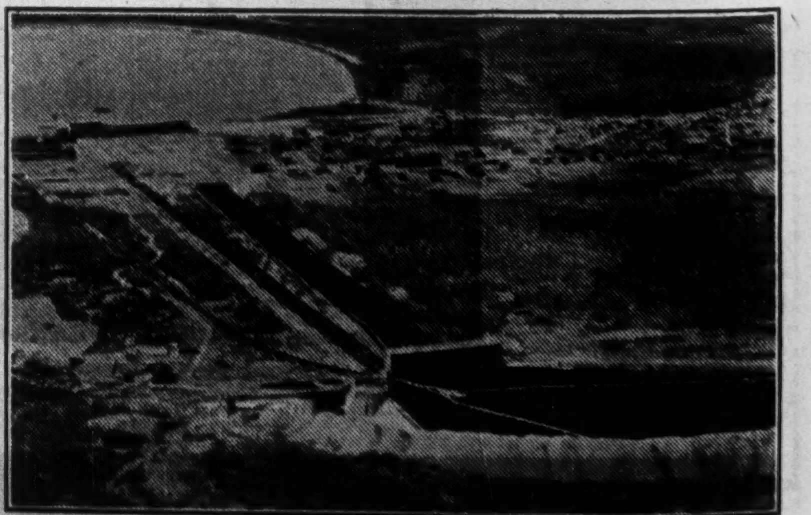


The Bowater's Mill at Cornerbrook, where work has begun on an Extension to the Sulphite Mill which will add 100 tons to the daily capacity. There will be 3 new Digesters, a new Wood Room and another story on the Office Building.

BOWATER'S
NEWFOUNDLAND PULP AND PAPER MILLS LIMITED
QUALITY NEWSPRINT
ADVANTAGEOUSLY SITUATED
Five Paper Machines with a Rated Daily Capacity of 580 tons.
Located at Tidewater with Harbour Facilities for Loading of Ocean Vessels.
Timber Holdings Consist of 11,000 Sq. Miles with an Estimated Stand of 20 Million Cords of Pulpwood.
Hydro-Electric Plant with an Installed Capacity of 150,000 h.p.
CORNERBROOK, NEWFOUNDLAND

Canadian Airways Limited photo.

Grand Lake Dam and Water Storage Reservoir for the Hydro-Electric Plant.



Deer Lake Hydro-Electric Plant. Installed capacity 150,000 h.p.

Paper Boxes End Price War

Situation Improves in Recent Months — Industry Subject of Enquiry

Makers of paper containers and allied products, including the raw materials used, have come through a difficult year. Early in 1939 price war took selling prices for most types of paper boxes to only a fraction of former levels. This naturally ate into profits and turned some formerly profitable companies into a losing position.

Since then the price situation shows signs of improving. First price increases have already been put into effect while others are said to be on the way. Part of the benefit from better selling prices will be offset by higher costs of materials but the operating positions of the companies should be better. Currently, it is understood that a high rate of operations prevails.

Also contributing to better conditions in the Canadian container industry is the change that has been noted in recent weeks in the United States. Because of higher rate of operations and higher prices, as well as the discount on the Canadian dollar, the threat of imports from that country is practically eliminated and a serious cause of price disturbances removed.

Last spring the commissioner under the Combines Investigation Act, F. A. McGregor, brought in a report in which he concluded that practically all of the companies engaged in the business were members of a combine. Just within the past couple of weeks, J. C. McRuer, K.C., acting on behalf of the Dominion Government, has obtained two true bill findings against several companies in the business, as a result of Mr. McGregor's report.

Many Named

Charged under the first indictment are H. J. Badden, Brampton Pulp & Paper Co., Gair Co., Canada, Hinde & Dauch Paper Co. of Canada and Bathurst Power & Paper Co.

The companies and persons named in the second indictment, which charges restraint of trade specifically in Toronto, Peterborough, London, Hamilton, Waterloo, as well as in Montreal and Western cities, are: Container Materials, Ltd.; H. J. Badden, Shipping Containers Ltd.; Standard Paper Box, Ltd.; Martin-Hewitt Container Ltd.; Canadian Wirebound Boxes, Ltd.; The Corrugated Paper Box Company Ltd., Gair Co. Ltd., Hinde & Dauch Ltd., Hygrade Corrugated Products Ltd., Hilton Bros. Ltd.; Martin Paper Products, Ltd.; Maritime Paper Products Ltd.; Wilson Boxes, Ltd.; Dominion Corrugated Paper, Ltd.; Acme Paper Box Co. Ltd.; G. W. Hendershott Corrugated Paper Co., Ltd.; Kraft Containers, Ltd.; and Superior Box Co., Ltd.

All are charged with conspiring with Concord Shipping Cartons, Ltd.; Fibre Boxes, Ltd.; Firstbrook Boxes Ltd.; Corrugating and Container Co., Ltd.; London Shipping Containers, Ltd.; Canadian Containers Ltd.; A. W. Augustine; Building Products, Ltd.; Julius Irving Oelbaum and Pacific Mills, Ltd.

Canadian Wirebound

Canadian Wirebound Boxes Ltd. makes special types of boxes and crates, as well as corrugated cartons and specialties. The company controls the Canadian rights for a number of box making methods. Plants are at Toronto and Montreal. The Montreal plant, which had been operated under lease, was purchased by a subsidiary early in 1939.

Currently it is understood that operations are at a high level of activity and showing improvement. Like other units in this business, the company should be benefitted by the change in the price trend, and higher quotations which are already in effect. This will be partly offset by higher material prices.

The company is named, along with a number of others, in the action started by J. C. McRuer, K.C., on behalf of the Dominion authorities. This is the result of the investigation under the Combines Investigation Act by F. A. McGregor, which was announced earlier this year.

The company earned $1.87 a share on its class A stock in the year ended April 30, 1939, and paid dividends of $1.50 a share, leaving arrears of $2.25 a share at the first of July this year. Although earnings for the past four years have more than covered full dividends on this stock, there has been no intimation of any immediate plan to wipe out the arrears. Working capital has been drawn on in the past year for new machinery and equipment and expenses in connection with the purchase of the Montreal plant.

Directors—D. L. White, Jr., chm., Midland, Ont.; A. M. Dunn, pres. and man. dir.; H. A. Greene, vice-pres.; H. M. Millar, E. G. McMillan, S. B. Playfair, H. L. Trapp, Toronto; A. K. Cameron, Montreal.

Sec.-treas.—J. P. Berney.

Corrugated Paper Box

The Corrugated Paper Box Co. makes corrugated and solid fibre shipping containers and folding cartons. The company owns a plant at Leaside, Ont., while a subsidiary, Hilton Bros. Ltd., owns a plant at Winnipeg. Additional equipment installed in 1937 considerably increased the corrugating capacity of the Winnipeg and Toronto plants.

This company has been named along with a number of others in the action started on behalf of the Dominion authorities following the investigation under the Combines Investigation Act early this year.

The company deferred dividends on its preference stock a year ago to conserve its working capital. By the end of this year arrears will amount to $10.50 a share if no payments are made in the meantime.

A subsidiary, Carton Specialties Ltd., is stated to have consolidated its position in the folding carton field.

Directors—A. T. Whealy, pres. & treas.; *J. A. Gairdner, vice-pres.; J. A. Whealy, vice-pres. & sec.; Toronto; Henry Hilton, Winnipeg, mgr.; W. J. Hilton, Winnipeg; *W. A. Woodcock, William Lawrence, Toronto.

Man. dir. folding carton division—F. L. Clouse.

*Representing preferred shareholders.

Hinde & Dauch

Hinde & Dauch Paper Co. of Canada is a leading manufacturer of shipping containers, corrugated paper products, paper board, and straw paper. Plants are at Toronto, Trenton and Montreal.

Currently the company is operating at near capacity with considerable improvement noted recently, partly attributed to the accelerated movement of canned goods overseas. Because of this, it is thought that earnings this year may compare favorably with the $1.42 a share earned on the common last year.

Like other manufacturers of shipping containers, Hinde & Dauch has suffered from a series of price cuts over the past two years. Signs are now apparent of a reversal of this trend and the initial increases in some lines were made within the last two weeks.

Dividend Reduced

The company reduced its former $1 a share annual dividends by one half in April of this year.

Along with other companies in the container industry, Hinde & Dauch is named in the court action launched by J. C. McRuer, K.C., on behalf of the Dominion authorities, under the charge of combining to prevent competition. This follows an investigation under the Combines Investigation Act by F. A. McGregor reported last April.

The Canadian company is controlled by the Hinde & Dauch Paper Co. of Ohio.

Directors—Sidney Frohman, pres., Sandusky, Ohio; L. F. Winchell, vice-pres. & gen. mgr.; T. E. Lloyd, treas., Toronto; J. H. MacLeod, sec., Sandusky, Ohio; M. H. McArthur, gen. sales mgr.; R. L. Warren, Toronto; M. H. Murch, Cleveland, Ohio.

Robert Gair Co.

Robert Gair Co. Inc. is a leading manufacturer of paper boxes in Canada and the United States. Through its wholly owned subsidiary, Gair Co., Canada, Ltd., plants are operated in Montreal, Toronto, Hamilton, London, Windsor and other centres.

Products manufactured include paper and corrugated cartons, fibre shipping cases, and paperboard. Gair Co., Canada, has acquired the plant of Dominion Boxboards Ltd., Fibre Boxes Ltd., York Paper Mills, Ltd., Firstbrook Boxes Ltd., Canadian Paperboard Ltd. and Envelope & Carton (Western) Ltd.

The Canadian company is involved in the anti-combine proceedings now under way on behalf of the Dominion.

Most of the plants were acquired through the exchange of securities for the 6% income notes of Robert Gair Co. A first mortgage bond issue was given to Dominion Envelopes Ltd., along with cash consideration, for the four companies which the latter sold to Gair.

No interest payment was made on the 6% income notes from 1938 operations. This interest is not accumulative but the full payment was made for 1937.

Net loss for the first half of 1939 was $183,309, after provision for interest on the income notes, as compared with $35,688 loss in the same period a year ago. A new policy of disposing of unneeded and non-profit-producing assets is under way, resulting in considerable capital losses. This policy is stated by the president to be "constructive and beneficial."

Directors—G. W. Gair, chm.; G. E. Dyke, pres.; N. F. Greenway, vice-pres. & gen. mgr.; F. W. Denio, G. H. Fairbanks, Parker Newhall, Matthew Robinson, T. R. Pierce, G. W. Brown.

Treas.—Ernest Meyer. **Asst. treas.**—A. J. Bauser. **Asst. sec.**—J. W. Duerr.

G. W. Hendershot

G. W. Hendershot Corrugated Paper Co., Hamilton, manufactures corrugated paper containers and allied products. The company makes its sales largely under contract with large department stores and distributors in eastern Canada.

Operations of the present company were started in March, 1937, and from then until the end of the year a net profit of $25,086 was realized, equivalent to 83 cents a share on the 30,000 common shares outstanding. Dividend payments were initiated in December, 1937, with a payment of 10 cents a share. No further payments have been made to date.

In the current year, The Financial Post is informed that the company's operations have been at or near capacity. Drastic price cuts, however, have made it impossible to maintain any substantial earning power, although it is thought that the company will be able to report a small net profit for the full year. Last year the company reported a net profit of $11,362. It is said that the current position has been improved with the bank loan of $22,000, outstanding at the end of 1938, reduced to negligible proportions.

This company is included with others involved in the anti-combine case being pushed on behalf of Dominion authorities.

Directors — G. W. Hendershot, pres. and gen. mgr.; Wm. Mayall, vice-pres.; M. F. Brevillier, sec.-treas.; S. S. DuMoulin, Argue Martin, Hamilton, Ont.

Paper Board and Boxes

Stocks:

	Outstand. $	Earned Per Share 1938 $	Earned Per Share 1937 $	Div. Rate $	Price Range 1938-39 High	Price Range 1938-39 Low	Last Price	Yield %
Canadian Wirebound Boxes:								
Class A, n.p.v.	51,884 shs.	*1.50	1.78	1.50	21	14⅝	20	7.5
Class B, n.p.v.	40,000 shs.	0.46	1.26	nil	..	..	..	..
*Years ended Apr. 30, 1939 and 1938.								
Corrugated Paper Box								
7% Pref. cum. red. S. F., par $100	6,960 shs.	5.68	11.43	†	82	20½	22	..
Common, n.p.v.	47,000 shs.	*d0.195	0.31	nil	..	..	..	..
*After allowing for full year's preference dividend only. †Deferred Sept. 1, 1938.								
Dominion Containers:								
1st Pref., par $100 ..	252,500	Not available		..	..	..	..	..
Class A, par $10	106,600	Not available		..	..	..	..	..
Class B, n.p.v.	14,582 shs.	Not available		..	..	..	..	..
Donnacona Paper:	(See Newsprint Section.)							
Hinde & Dauch Paper:								
Common, n.p.v.	299,933 shs.	1.42	1.82	0.50	17½	7	10½	4.8
Robert Gair:								
Pref. cum., par $10	185,592 shs.	....	....	nil	..	..	..	..
Common, par $1	574,646 shs.	....	....	nil	..	..	..	..
G. W. Hendershot Corrugated Paper:								
Common, n.p.v.	30,000 shs.	Not available		nil	..	..	..	..

Bonds:

	Int. Rate %	Maturity	Outstand. $	Times Int. Earn. After Deprec. 1938	1937
Dominion Containers:					
1st Mtge. Serial	5	1937-46	200,000	Not available	
Coll. Tr. S. F. Debs.	6	1945	716,600	Not available	
Donnacona Paper:	(See Newsprint Section.)				
Robert Gair:					
Income Notes	6	1972	†3,297,350	Not available	
1st Mtge. Serial*	4-4½	1940-54	120,000	Not available	
†In addition $3,400,000 pledged as security for bank loan. *Bonds of subsidiary assumed by parent company.					
Gair Co. of Canada.					
1st & Gen. Mtge. S. F.	6	1956	1,108,100	Not available	
Hinde & Dauch Paper:					
1st Mortgage	4	1938-42	650,000	19.63	16.61

Miscellaneous

Bldg. Products

Both sales and earnings of Building Products Ltd. for the first half of the year showed an increase. Increased construction was largely the cause for this better showing and assuming that the building shows no material falling off for the last half of the year, the company is likely to show the largest profit in its history. The company is linked with the pulp and paper industry through the manufacture and distribution of roofing paper and similar products.

While increased activity in almost every field of construction benefits the company, it is in residential building that its products are widely used. Residential contracts awarded in the first of 1939 amounted to $33.3 millions, an increase of 30% over 1938.

While the value of construction contracts awarded in 1938 was 16% lower than in 1937, the company reported a net profit of $373,994, equivalent to 70 cents a share on the common stock. This compared with a net profit of $362,985 in 1937. Actually last year's results were more favorable than the net profit figure indicates. In 1938 the company charged against operations, $41,836 of non-recurring expenses. If these items had not been deducted from earnings, net profit would have been equal to 86 cents a share.

Toward the end of last year the shareholders approved splitting the common stock on a four for one basis. A dividend of 17½ cents a share, plus an extra of 10 cents a share on the new stock was paid on Jan. 3. This was equivalent to 70 cents a share, plus 40 cents a share on the old class A and B shares. Thus, total dividend payments out of 1938 earnings amounted to $2.60 a share, compared with $2.45 a share the year before.

With the declaration of the 17½-cent dividend, the new common shares are placed on a regular dividend basis of 70 cents annually. This is equivalent to $2.80 a share on both classes of stock. The regular dividend rate on the old shares since Oct. 1, 1937, had been $2 a share annually.

In future the company's capitalization will consist of common shares only. In the past the company has had class A and class B shares which ranked equally except in voting power. The voting control of the company was held by the class B shares. All common shares now have equal voting rights.

Directors—P. R. Allen chm., East Walpole, Mass.; W. R. McNeil, pres.; D. P. Hatch and C. P. Cowan, vice-pres.; R. C. Crooker, sec.-treas.; Winthrop Brainerd, G. M. McKee, G. H. Montgomery, Montreal; H. R. Tudhope, Toronto.

Canadian Wallpaper

Canadian Wallpaper Manufacturers Ltd. with its subsidiaries is the largest producer of wallpaper in Canada. The company's lines include a number of well-known trade names. A portion of its output is exported, chiefly to Australia and New Zealand. Canadian manufacturers are protected by a tariff from imported goods of this line.

The company has ended a period of abnormal capital expenditures, which have included the building of a complete new factory at Leaside, Ont., and work done at other plants at New Toronto, Ont., and Montreal.

The company's sales are influenced by residential construction and have been assisted in recent years by Government assisted housing schemes.

A dividend of 50 cents a share was paid on the A and B stocks on July 11, 1939. The last previous payment was $1 a share in July, 1938.

Directors—Arnold Ashton, pres., Toronto; J. T. Chasney, vice-pres.; Ralph Entwisle, London, Eng.; R. N. Boxer, E. G. Staunton, Gerald Staunton, F. M. Hulbig, F. C. Hanson, J. P. Ramsay, R. R. Sparling, R. M. McCubbin, Toronto; R. H. Gillean, C. M. Williamson, H. S. Foster, R. H. Gillean, Jr., Montreal; A. V. Sugden, G. A. Orme, Manchester, Eng.

Sec.-treas.—John Prescott.

Stocks:

	Outstand. $	Earned Per Share 1938 $	Earned Per Share 1937 $	Div. Rate $	Price Range 1938-39 High	Price Range 1938-39 Low	Last Price	Yield %
Building Products:								
Common, n.p.v.	483,384 shs.	*0.77	†3.00	0.70+.10	19	13½	14	5.7
*After deducting non-recurring expense $41,836 for share exchange and Portneuf flood loss. †On classes A and B.								
Canadian Wallpaper Manufacturers:								
Class A, n.p.v.	23,442 shs	*0.62	*1.22	0.50	15	8	9	5.5
Class B, n.p.v.	105,804 shs.			0.50	13	9	9	5.5
*Years ended Apr. 30, 1939 and 1938.								
St. Regis Paper:								
Common, par $5	500,000	Not available		..	..	..	..	..
All owned by St. Regis Paper Co. of New York.								

Bonds:

	Int. Rate %	Maturity	Outstand. $	Times Int. Earn. After Deprec. 1938	1937
Canadian Wallpaper Manufacturers:					
Coll. Tr., Serial B	4	1939-44	300,000	....	....

South Africa Favors Canadian Kraft Paper

British South Africa is the most important customer for Canadian kraft wrapping paper. Japan and China rank second and third, respectively, followed by Colombia. Southern Rhodesia is next in line, followed by the United Kingdom.

Board Record

Rigid Insulating Board Output in Canada Jumps 100% Since 1934

Rigid insulating board production in Canada, as reported by International Fibreboard Co., Building Products Ltd. and Donnacona Paper Co., has achieved an extraordinary advance in the past few years.

In 1934 the three companies reported an aggregate output of 24.7 million square feet. In 1937, production touched an all-time record of 52.5 million square feet and was well maintained at 48.6 million square feet last year.

For the first eight months of 1939 Canadian production of insulating board totalled 31.2 million square feet, a drop of less than 800,000 square feet from the output in the same period of 1938.

The remarkable advance in insulating board production has been due primarily to two factors. In the first place the large amount of new building in the country has created a wide demand for this product. The National Housing Act and the Home Improvement Plan stimulated new building and renovations. Secondly, the demand from export markets developed on a larger scale.

Eight Months Ended August
(In square feet)

Type of Board:	1939	1938
Panel	23,642,011	24,743,299
Plaster	3,962,356	3,156,984
Roof	1,682,250	2,058,730
Misc.	1,913,082	1,968,403
Total	31,199,699	31,927,416

12 Months Ended December

	1938	1937
Panel	36,711,548	36,800,080
Plaster	5,106,952	6,754,513
Roof	3,925,525	4,719,705
Misc.	2,866,954	4,211,951
Total	48,610,979	52,486,249

Operators Depend More On Own Pulpwood Cut

Approximately two thirds of all wood used in Canadian pulp mills comes from the manufacturers' own timber limits. Over 84% of the wood used in Quebec mills came from this source, 51% in Ontario, 14% in British Columbia and 40% in the other provinces.

FEW PEOPLE realize the diversity of labour directly employed in the manufacture of newsprint and allied products. Such variety of employment contributes substantially to the economic life of country as well as city.

This employment includes hewers of wood, teamsters, river drivers, skilled mechanics, technicians, and labourers of various descriptions as well as executives. Payments of taxes and other assessments, Federal, Provincial and Municipal, are substantial, thus playing their part in supporting Government Agencies. All forms of transportation receive substantial support as a result of their use in the delivery of raw materials and in the dispatch of outgoing finished products.

Expenditures made by the Canadian International Paper Company and Associated Companies during the twelve months' period July 1st, 1938, to June 30th, 1939, are as follows:

Salaries and Wages - - - - - -	$ 7,207,000
Supplies and Raw Materials Purchased	9,956,000
Construction Equipment and Material	513,000
Electric Power Purchased - - - -	3,886,000
Freight Paid - - - - - - - - -	4,765,000
Workmen's Compensation Assessments	306,000
Ground Rents, Stumpage Dues, Rentals and Royalties paid to Provincial Governments - - - - - - -	1,854,000
Federal, Provincial and Municipal Taxes	816,000
Interest on Bonded Indebtedness -	1,245,000
	$30,548,000
Average Number of Employees - -	9,500

Canadian International Paper Company
and
Associated Companies

DEPENDABLE CASTINGS for EVERY INDUSTRIAL USE

In mild steel, manganese steel, nickel steel, vanadium steel, chrome steel; and in sizes up to 100,000 lbs. each.

Our up-to-date foundry with its modern equipment, and our high standards of production, guarantee that all castings we produce for you will give dependable service under the toughest conditions.

Let us give you an estimate on your requirements.

CANADIAN CAR & FOUNDRY CO., LIMITED
General Offices: 621 Craig St. W., Montreal
Toronto Winnipeg Vancouver

Newsprint Ready for Opportunity

Unsettlement of World Markets Expected to Broaden Demand

Earlier expectations had been that the newsprint manufacturers in this country would end 1939 with sales and profits on a moderately better basis than in 1938. There is no reason for changing this opinion, in fact, profits may be somewhat higher than originally anticipated, due to the premium payable on American funds when translated into Canadian dollars.

At the opening of the year Canadian manufacturers were faced with the prospect of a further loss of markets in South America. On the other hand, the English and Australian demand showed promise of some expansion. In addition the American publishers had largely exhausted the reserves built up in 1937, and the replacement of the paper drawn down promised to give a fair amount of tonnage to the Canadian producers.

Show Better Trend

During the first half of the year operations continued along curtailed lines. Not until the second quarter was there any appreciable improvement over that reported in 1938. In the last five months production has run consistently ahead of the like period of last year and the indications are that this trend will hold throughout the balance of the year

While it is difficult to say how much production or sales will increase in the last quarter, it is probably fair to assume that production by the Canadian mills for all of 1939 will run in the neighborhood of 2,750,000 tons. This would compare with 2,624,580 tons in 1938 and 3,647,800 tons in 1937.

Stocks Also Higher

Part of this production, it should be pointed out, has been effected at the cost of future operations. By this is meant that the actual production of the mills in this country to date has been slightly greater than warranted by the market demands. Thus mill stocks have increased from 161,438 tons at the beginning of the year to around 215,000 tons at the close of August. The cost of carrying this additional paper, of course, represents a charge on earnings.

This is a relatively minor matter beside the more important fact that the trend of production and sales this year has been in favor of the manufacturers. It is true that the progress to September was not spectacular, but the situation was much healthier than at this time a year ago.

Better Operating Ratio

As a matter of interest, the trend of production in the Canadian mills by months since the beginning of 1938 follows:

(Production in Tons)

	1939	1938
January	208,382	222,500
February	200,631	202,601
March	220,648	224,604
April	220,843	200,794
May	250,015	207,678
June	240,545	201,694
July	227,630	202,546
August	236,975	220,303
September	......	231,940
October	......	254,872
November	......	245,295
December	......	209,753
8 months total	1,805,669	1,682,720

Sales on Higher Level

Shipments have increased, at times have run well ahead of 1938 returns. However, it will be noted in the following table that as a general rule shipments were less than production in most months. The difference was not very marked, but the cumulative effect was to add a fairly substantial tonnage to mill stocks.

(Shipments in Tons)

	1939	1938
January	201,852	168,960
February	178,236	162,906
March	205,099	182,687
April	214,255	214,182
May	274,635	193,288
June	232,261	208,476
July	221,743	205,490
August	224,367	204,668
September	......	230,346
October	......	255,100
November	......	264,421
December	......	225,472
8 months total	1,752,448	1,540,657

Better Market Situation

While Canadian mill stocks of newsprint paper have advanced in a way which might be considered as working against the interests of the industry, the gain has not been very great. Further, it is possible to put too much stress on the Canadian figures. A much sounder way of looking at the question of newsprint stocks is to look at the picture as a whole. Thus consideration would have to be given to Newfoundland and American mill stocks and the apparent reserve supply carried by the American publishers.

Consideration of the total North American stocks shows at a glance how much healthier the marketing situation is now than it was a year ago. At the beginning of 1938 all stocks reached the dangerous level of 877,519 tons. This was not a record, the high mark of 920,693 tons having been set up in the preceding October.

Throughout 1938 stocks dwindled steadily, because of the drawdown from publishers' reserve supply. At the close of the year, the aggregate supply totalled 620,548 tons, a figure not far short of normal; or at least as "normal" as it is possible to judge.

At the end of last July aggregate stocks had advanced to 650,367 tons. While the trend has not been especially favorable since, neither the size of the advance nor the aggregate of stocks at that date constitutes any particular threat to marketing arrangements.

Publishers' Supply Normal

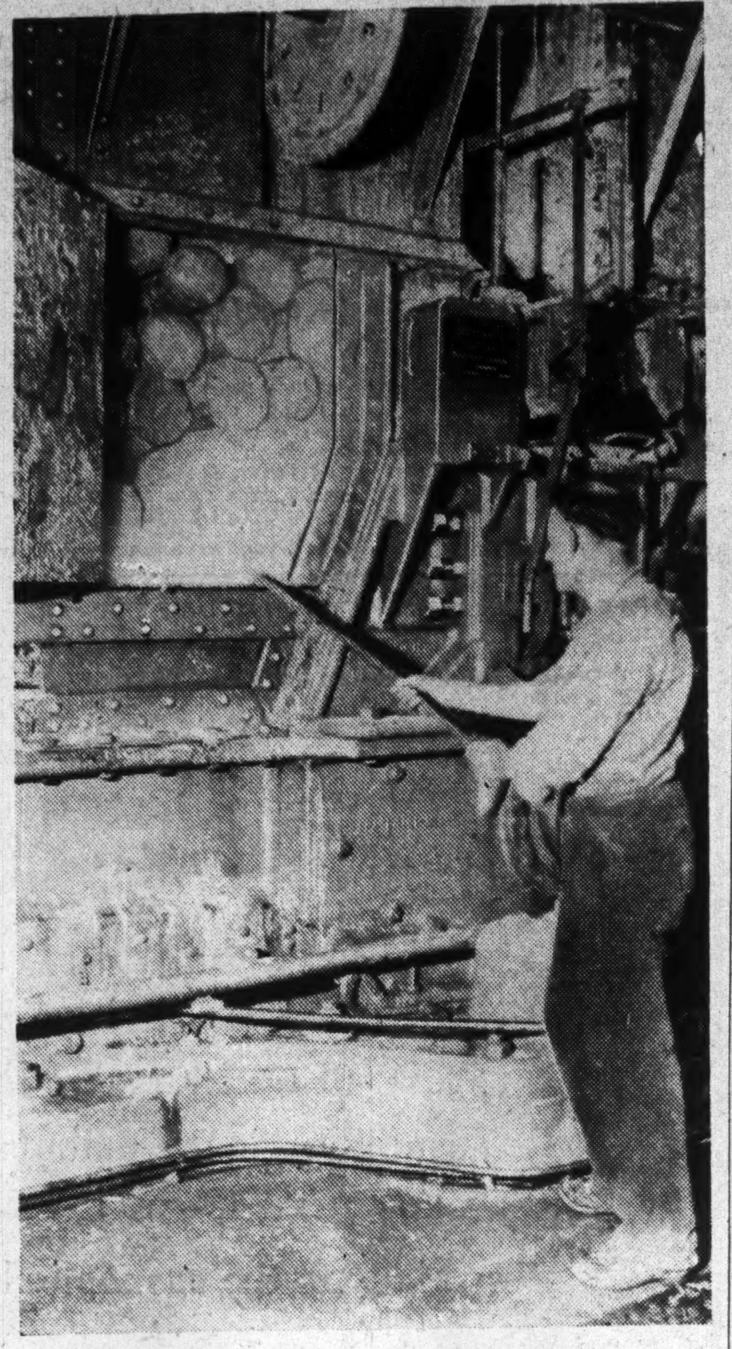
As far as the publishers are concerned, their reserve supply is back to normal proportions; in fact, might even be considered as slightly under normal. The abnormality exists in the mill stocks, especially those held in Canada.

The advance in Canadian mill stocks has been due almost wholly to the policy adopted by the industry of spreading production over the year as a form of employment relief. Thus if plans go according to schedule, Canadian mill stocks should be of much more reasonable proportions by the end of this year.

Expect Larger Profits

As previously intimated, profits of the Canadian newsprint manufacturers this year should be moderately higher. The increase in production and in turn higher mill operating ratio have effected a saving in operating costs which may amount to as much as $2 a ton. On top of that there has been an increase of nearly 200,000 tons in sales up to the end of August. This would give the manufacturers an additional gross income for the period of $10 millions, a fair proportion of which would be converted into net profits.

But what is likely to have the most direct bearing on profits this year is the premium on the American dollar. Canadian sales in the United States are payable in American funds. With newsprint at $50 a ton, and the exchange premium running as high as 10%, the manufacturers receive an additional profit of $5 a ton.



The pulp and paper industry is one of Canada's biggest users of steam, generated often by electric heated boilers. Surplus secondary electric power is used for this purpose.

This premium on American funds is likely to prevail throughout the remainder of the year. Thus on four months' shipments the Canadian mills will receive a very substantial premium on sales made in the States.

War and the Industry

This review of the newsprint situation, it will be observed, has made no reference up to this point as to the effect of the war upon the fortunes of the newsprint manufacturers. This subject is being treated elsewhere.

The war offers the Canadian industry an exceptional opportunity to consolidate its position in the world market. Of late, competition from Scandinavian countries has cut into many markets which were formerly served by the Canadian companies.

War conditions mean that this competition will become restricted, if not altogether eliminated. Both United States and South American publishers have already shown signs of concern about the ability of the northern European countries to maintain supplies.

Then, too, it appears that American business, whether the country remains neutral or not, is in for a period of wide expansion. An increase in spending power will mean more advertising. The war will mean wider reader interest. All of which added up means that more newsprint paper will be consumed in the States during 1940.

It is almost a certainty that any increase in American newsprint consumption, over and above present levels, will be met by increased importations of Canadian newsprint

Canada After Business

Canadian manufacturers see it this way. They have already announced a policy designed to appeal strongly to the American publisher: maintenance of regular supplies and the avoidance of profiteering. This policy has been backed by the announcement of a $50 a ton price for the first quarter of 1940, or the same as prevailed in 1939.

This action may be disappointing to some holders of newsprint securities. It should not be forgotten that as long as the Canadian dollar sells at a discount in relation to American funds, the manufacturer here benefits to the extent of the difference. With war conditions prevailing throughout 1940 and if the present discount holds, the Canadian manufacturer will receive the best part of $5 a ton on each ton of paper shipped into the States.

Good Inventory Position

Another favorable factor in the outlook for the Canadian industry is that the operators are in an excellent position as far as materials are concerned. They have sufficient wood and other materials for paper making to take care of requirements until after the middle of next year. Certain other items of expense are likely to advance, but on the principal items the manufacturers are protected for at least six months ahead and possibly longer.

On the other side of the balance sheet are a few factors which will add to the cost of operations and tend to keep profits lower than they might otherwise be. Shipping costs have already advanced. The railways have put into effect an exchange surcharge. About 60% of the freight charges on newsprint shipped into the United States go to American railways.

Administration and other charges, such as taxes, will move forward. However, no very marked change is expected in the months immediately ahead, and the industry has protected itself against any abnormal rise in costs by only setting a fixed price to the end of March. Before the end of the period it will be possible to survey the situation and make whatever adjustments in price as are necessary, keeping in mind the announced policy of the industry not to profiteer.

Abitibi Power and Paper

Abitibi Power & Paper Co. is one of the largest newsprint producers in Canada, having a total annual newsprint production capacity of 704,000 tons. In addition to this, a bleached sulphite mill has an annual capacity of 60,000 tons. Not all of the company's mills are ranked as efficient, and two of them, having a total capacity of 146,000 tons annually, are regarded as in such a condition as to make their use unlikely.

Operations for the first seven months of 1939 were at slightly over 50% of total capacity. In 1938 the company shipped 291,481 tons of newsprint which was 52.2% of capacity, and compared with 87.2% capacity in 1937.

Abitibi has been operated under receivership since 1932, following failure to meet bond interest. Claims of holders of the 5% first mortgage bonds, of which $48.3 millions are outstanding, have now grown to approximately $70 millions, including unpaid interest.

Market Share Drops

Operating under receivership, the company has not been able to hold its share of Canadian newsprint production. For the first six months of this year Abitibi produced 10.7% of total Canadian shipments as compared with 11.6% in 1938, and 13.4% in 1937.

Efforts to reorganize the company have continued since 1937, without success as yet. Bondholders now have a plan before security holders to reorganize the company by means of a judicial sale of its assets. Recently the Ontario Government notified the bondholders' committee that it does not consider

(Continued on page 23)

Largest
WOOD PIPE
ever built
15,000 FEET OF PULPWOOD FLUME

Constructed at Baie Comeau by:

CANADIAN WOOD PIPE & TANKS
LIMITED
550 PACIFIC STREET VANCOUVER B C

PAPER PRODUCTION

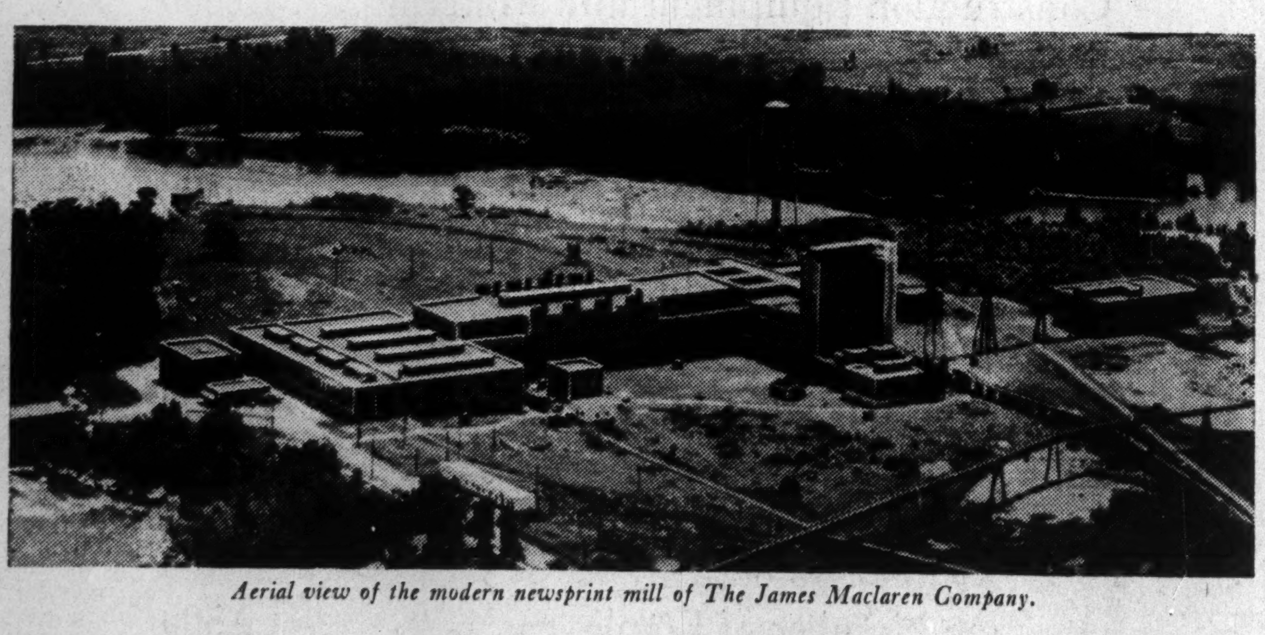
Paper produced in Canada in 1937 totalled 4,345,361 tons. This is the largest output ever reported by the industry and had a value of over diaries with those of the parent com. $175 millions.

CONSUMPTION UP 14 TIMES

From 1908 to 1937 the domestic consumption of Canadian pulpwood increased 14 times in actual quantity and while it made up only about a third of the total cut in 1908 it now forms almost 80%.

RECORD PULP OUTPUT

Canada's pulp production of 5,141,504 tons in 1937 set a new all-time record. This output was nearly five times as great as that reported in 1915 and about 12 times as great as in 1910.



Aerial view of the modern newsprint mill of The James Maclaren Company.

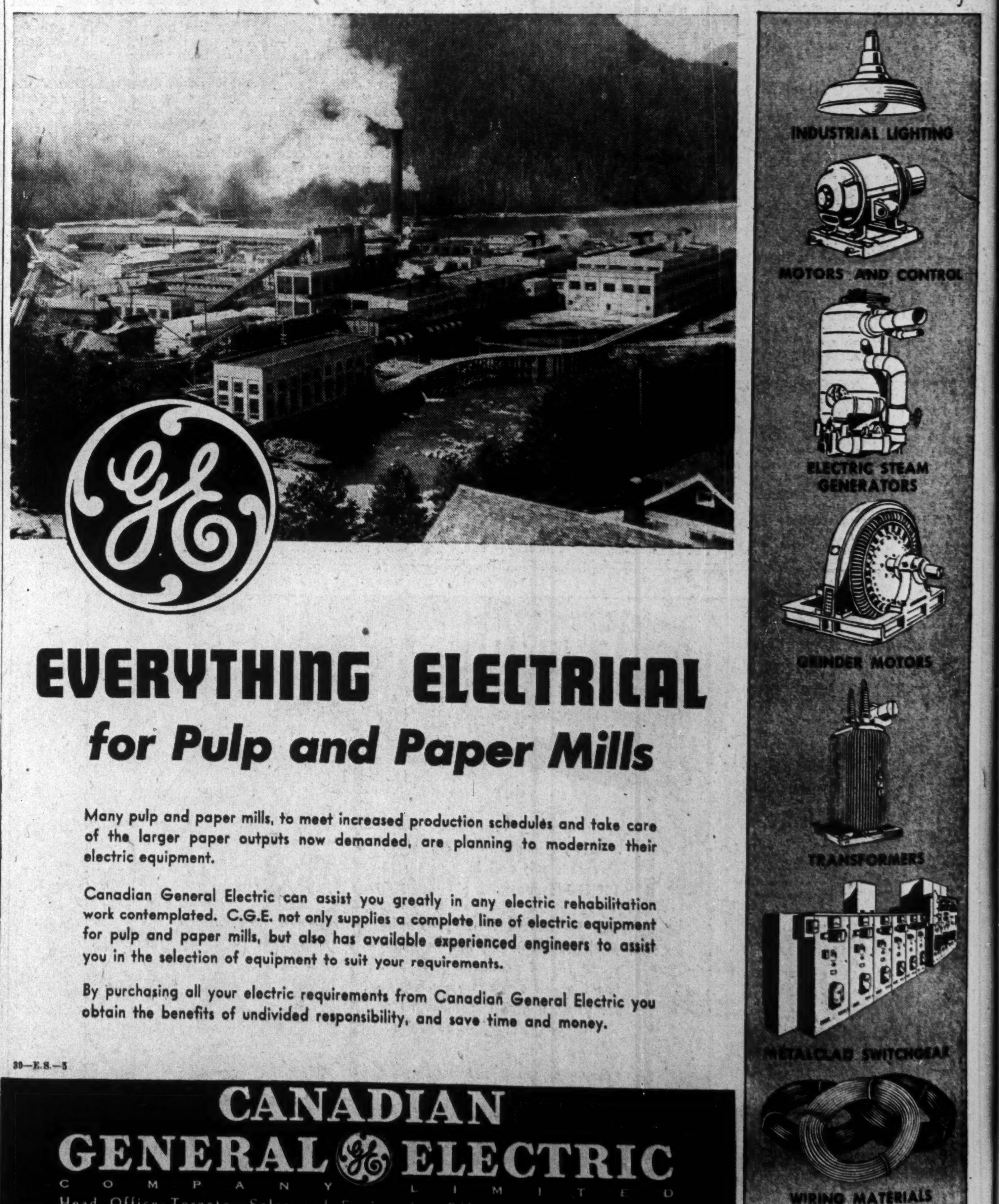
Salient Features of the Maclaren Development
●
POWER
Installed capacity
270,000 h.p.
STORAGE RESERVOIR
30,000,000,000 cu. ft.
GROUNDWOOD
85,000 Tons Annually
NEWSPRINT
350 Tons Daily
PULPWOOD LIMITS
2,600 sq. miles

REPUTATION

FOR OVER 70 YEARS the name Maclaren, in the Ottawa Valley, has stood for fair dealing and a quality product.

From the early small beginnings in the lumber business, today the great power and forest resources along the Lievre River are developed into a perfectly co-ordinated unit for the economic and efficient production of power and paper.

MACLAREN POWER & PAPER COMPANY
MacLaren-Quebec Power Company
The James Maclaren Company Limited
BUCKINGHAM, QUEBEC



EVERYTHING ELECTRICAL
for Pulp and Paper Mills

Many pulp and paper mills, to meet increased production schedules and take care of the larger paper outputs now demanded, are planning to modernize their electric equipment.

Canadian General Electric can assist you greatly in any electric rehabilitation work contemplated. C.G.E. not only supplies a complete line of electric equipment for pulp and paper mills, but also has available experienced engineers to assist you in the selection of equipment to suit your requirements.

By purchasing all your electric requirements from Canadian General Electric you obtain the benefits of undivided responsibility, and save time and money.

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CANADIAN
GENERAL ELECTRIC
COMPANY LIMITED
Head Office-Toronto—Sales and Engineering Offices in Principal Cities

Newsprint Companies Reviewed

Abitibi

(Continued from page 22)

such a method advisable at present, and states that this procedure would not meet with approval necessary for the Ontario Government to continue the order-in-council allowing timber limits and water power rights to the new company.

Reorganization Uncertain

At the moment it is not possible to state just what method of reorganizing for Abitibi will be adopted. It appears that junior security holders are likely to unite in offering a plan along the general lines outlined by an independent committee including Thomas Bradshaw, G. Howard Ferguson and G. W. Scott. This plan would recognize bondholders priorities for the full amount of their interest and principal but would give junior security holders and creditors some measure of recognition.

Abitibi and its affairs have been very much in the limelight in the past two years as rival interests struggled to acquire control of its valuable properties.

Working Capital Up

Under the direction of G. T. Clarkson, as receiver and manager, working capital had been built up to $7.3 millions at the end of 1938, a gain of approximately $2 millions during that year. The receiver planned to pay off all but $600,000 of the $4 millions of receivers' certificates outstanding at the end of 1938 during the current year.

Abitibi is the only Canadian newsprint company to publish monthly figures of earnings and output. For the first eight months of 1939, monthly earnings available for depreciation and bond interest totalled $1.5 million, a decline from the $1.6 million reported for the same period of 1938.

Directors — G. H. Mead, chm., Dayton, Ohio; Alexander Smith, pres., Chicago, Ill.; W. A. Black, vice-pres., Montreal; L. R. Wilson, vice-pres. & man. dir.; W. H. Smith, asst. man. dir.; S. F. Duncan, Toronto; Sir Thomas Tait, Montreal; W. H. Carter, Winnipeg. **Sec.**—T. Broadhurst. **Asst. sec.**—L. B. Popham. **Treas.**—Howard Young. **Asst. treas.**—D. J. Cormack. **Receiver and manager** — G. T. Clarkson, Toronto. **Liquidator**—R. S. McPherson, C.A., Toronto.

Anglo-Canadian

Anglo-Canadian Pulp & Paper Mills position has undergone a change as a result of recent developments. At this stage it is difficult to say whether these developments are favorable or unfavorable, but indications are that wartime conditions will mean larger output at better prices for the company.

The output of Anglo-Canadian's mill, located just outside of Quebec City, is marketed with the Hearst group in the United States and with the Rothermere papers in England. In respect to the latter, wartime conditions are expected to have the effect of reducing consumption of newsprint paper by the English publishers.

On the other hand the American publishers do not face any restrictions and substantial increase in consumption is looked for in that market. Further, the United States will be more dependent upon Canada for her newsprint requirements and the release of any paper which normally would go to the Rothermere group will be available for marketing in the United States.

Develop New Outlets

As to early outlook for Anglo-Canadian, indications are that there may be a temporary disturbance. But as the months go on the company should be able to market an increasingly larger percentage of its output in the United States. In addition the prospect of rising costs points to higher prices for newsprint, so the earning power of Anglo-Canadian should move upward.

Mirror Advances $75,000

During the past year the Daily Mirror Newspapers Ltd. advanced $75,000 to Anglo-Canadian. This amount was utilized to the extent required by that company in payment of interest on its debentures, of which debentures the Daily Mirror is a very large holder.

The company is controlled by the Rothermere interests and the capital stock is closely held. The funded debt is all held by Daily Mirror Newspapers Ltd., of London.

The capital stock comprises $8 millions of 7% preferred and 135,000 shares no par value common. No dividends have been paid on the preferred since April 1, 1930, so that the stock is in arrears of $66.50 a share. No dividends have been paid on the common.

Directors—John Cowley, pres.; London, Eng.; F. W. Clarke, vice-pres.; G. H. Bridge, sec.-treas.; R. A. McInnis, W. J. Clarke, Sir Charles Fitzpatrick, Quebec; Sir Herbert Holt, R. C. McMichael, F. G. Bush, Montreal; E. A. Sursham, Hon. Esmond Harmsworth, London, Eng.; F. J. Humphrey, New York.

Anglo-Newfoundland

Anglo - Newfoundland Development Co.'s position at this time is difficult to appraise. A large part of the company's output is contracted for by the Associated Newspapers Ltd. in England, and indications are that there will be a curtailment in the size of newspapers which in turn would limit the purchase of paper by the Associated group from Anglo-Newfoundland.

On the other hand, the United States and South American markets are expected to expand, owing to their inability or difficulty in getting supplies from northern Europe, so that Anglo-Newfoundland may be able to switch a good part of its output to those markets with a resultant improvement in earnings.

Plant in Readiness

In view of the lower scale of operations at Grand Falls last year, the company took advantage of the lull to make improvements in plant and machinery, so as to be in a position to take advantage of the better demand which is anticipated, especially for sulphite pulp.

Last year the additional water power development was completed and the new generator and electric boilers were successfully brought into operation. The addition of this unit increased the company's water power development at Grand Falls by 27,000 h.p. to 52,000 h.p.

The extension of the pulp grinder room was completed, while the No. 6 paper machine was modernized, resulting in increasing its capacity by 35 tons a day.

Has Other Interests

In addition to its pulp and paper activities, Anglo-Newfoundland has other extensive interests on the Island. The real estate division experienced a fairly successful year, while the Buchans Mine, in which the company has an interest, reported lower production.

Earnings of Anglo-Newfoundland Development Co. last year amounted to $1,253,400, before debenture interest and debenture stock redemption. This included dividends amounting to $344,190 received from Terra Nova Properties Ltd., which has a large interest in the Buchans Mining Co.

After deducting debenture interest and provision for debenture stock redemption, there was a net profit of $640,693. The company paid an interim dividend out of 1938 earnings of 2½% on Jan. 6 and a final dividend of 3½% on July 15.

Directors — F. J. Humphrey, pres.; R. A. McInnes, vice-pres.; A. S. Fuller, Hon. E. C. Harmsworth, E. A. Sursham, London, Eng.; R. C. McMichael, Montreal; W. E. Wood, St. John's, Nfld.; H. A. Guess, New York; V. S. Jones, vice-pres. and gen. mgr.; R. T. Steedman, asst. gen. mgr.; J. M. Keddie, sec.-treas.

Brompton

War conditions promise to broaden demand for products of Brompton Pulp and Paper Co., a wholly owned subsidiary of St. Lawrence Corp. While it is not anticipated that the financial statement for 1939 will show any marked improvement in earnings, indications point to a rise in 1940.

Because of its wide diversification of output the company stands to share in the anticipated broadened demand for pulp and paper products. The company manufactures groundwood pulp, newsprint paper, kraft pulp and paper, fine bond and other papers, boxboard and lumber.

Affected by Tariff

Prospects of higher earnings this year are not particularly good. In the first place the tariff protection on forest products was reduced by 6½% by the trade treaty between Canada and the United States which become effective at the turn of the year. During 1938 the selling price of forest products was materially reduced because of competition from the United States, and the trade treaty accentuated this situation. As far as the newsprint production is concerned, Brompton has sold its complete output for a period of years to International Paper Co.

Pay Dividend in 1939

Last year Brompton's net profit was not sufficient to cover the common dividend of 55 cents a share, having amounted to only 39 cents a share, as against $1.34 a share in 1937. However, the strong working capital position of the company was maintained, current assets exceeding current liabilities at the end of the year by over $2.1 millions.

One favorable item in last year's balance sheet was a very heavy increase in pulpwood inventories, which were valued at $888,851 as against less than $200,000 at the close of 1937. In view of the general expectation of higher costs, these large inventories should prove very beneficial to the company.

One development during the current year bearing upon the company was the report by the Commissioner of the Combines Act of an alleged combine of paperboard manufacturers. Brompton was named in the report as a party to the alleged combine.

Directors — Arthur F. White, pres., Toronto; R. W. Steele, vice-pres.; J. I. Rankin, R. O. Sweezey, N. A. Timmins, Jr., Montreal; F. C. Baker, Lennoxville, P.Q.; S. R. Newton, D. J. Salls, Sherbrooke, P.Q.

Compt. & sec.-treas.—L. A. Tucker. **Gen. mgr.**—P. H. Scowen.

Bowater-Lloyd's

Bowater's Newfoundland Pulp & Paper Mills Ltd. is rated as one of the low-cost newsprint producers in North America, due to its advantageous situation with respect to wood, power and shipping facilities. Control was acquired by Bowater-Lloyd Newfoundland Ltd., a wholly owned subsidiary of Bowater's Paper Mills Ltd., London, from Canadian International Paper Co. in 1938. Subsequently the company's name was changed from International Power & Paper Co. of Newfoundland to its present title.

Sales of newsprint in 1938 declined to 113,199 tons from 192,010 tons in 1937, more than offsetting the increase in average price per ton.

Revenue Lower in 1938

Revenues of the company last year before depreciation and fixed charges totalled $1,275,394, compared with $1,689,556 the year before. After all charges a deficit of $482,819 was shown compared with a deficit of $35,451 in 1937.

No particulars are available as to production this year, but in view of the average general increase for the industry as a whole, it is anticipated that Bowater's Newfoundland will show a larger production than in 1938. This, in turn, should be reflected in a moderate improvement in earnings.

Concerned With War

This company is closely concerned with the war situation. Its output is marketed, both in the United States and England. In view of the restriction on newspaper sizes in England it would be expected that deliveries in that market would be limited. On the other hand the parent company may have difficulty securing its raw material supplies from the Scandinavian countries, so that it may depend to a greater extent than ever before on the Newfoundland properties. At the same time the American market should record further expansion in consumption, which makes the outlook for 1940 appear more promising than has been the case for some time past.

Now Extending Plant

During the current year the company sold an additional $1 million of 4½% first mortgage bonds to provide funds for the extension of plant and the acquisition of further timber limits. This was in line with the agreement entered into with the Newfoundland Government when certain concessions were made to the company. It was agreed that the company would extend the sulphite pulp plant, increasing the annual capacity by 30,000 tons before the end of 1941. In return for this the company was given certain pulpwood privileges. In view of the war situation there was some question about the company going ahead with this development, but it is officially stated there will be no change in original plans; in fact, they will be speeded up.

Directors—Eric V. Bowater, pres.; G. S. Currie, vice-pres.; H. M. S. Lewin, gen. mgr.; A. B. Meyer, Hon. J. H. Penson, A. A. Ritchie, W. A. Reid, J. Frater Taylor, C. G. Heward, T. S. Howard.

Canadian Inter. Paper

Canadian International Paper Co.'s mills at Gatineau, Three Rivers, and Dalhousie have been operating at somewhat less than 60% of effective capacity since the beginning of the year. It is not anticipated that this rate will undergo any material change between now and the end of the year, with the result that earnings for 1939 are likely to be on much the same basis as in 1938.

Future outlook for the company, as well as the other Canadian newsprint producers, has undergone a change as a result of wartime conditions. The difficulty of the northern European countries in maintaining regularity of supplies to the United States and South American markets is expected to turn business to Canadian companies. In addition, American consumption has increased substantially in the past few weeks and indications are that the American publishers will use more paper in 1940.

Important Pulp Producer

While the principal product of the company is newsprint, it is also an important producer of sulphite pulp. This branch of the industry is expected to be stimulated by war conditions.

Only recently Canadian International Paper completed a $2 millions sulphite pulp plant at Gatineau. The opening of this plant was deferred, but the company is in a position to bring about a marked increase in its production of pulp in the event that the market shapes up along anticipated lines.

Low Income in 1938

Last year earnings of the company were insufficient to cover fixed charges before providing for depreciation and depletion. Net earnings amounted to $3,472,227 as compared with interest requirements of $4,220,777. After all charges there was a net loss for the year of $3.2 millions as against a loss of $686,303 in 1937.

Sell Newfoundland Unit

The 1938 statement was not comparable with that of 1937. In August last year the company sold the common shares of International Power & Paper Co. of Newfoundland to Bowater-Lloyds of England.

The agreement of sale provided that C.I.P. had no equity in the profit and loss resulting from operations of the Newfoundland company subsequent to December 31, 1937. Accordingly, none of the assets and liabilities of the Newfoundland company was included in the 1938 financial statement. Furthermore the operating results of the Newfoundland company from the beginning of 1938 to date of sale were not included in the consolidated profit and loss statement.

Balance Sheet Changes

As a result of the sale of the Newfoundland company there was a marked change in most balance sheet items. Capital assets of the company—plant, properties and woodland, after deducting depreciation reserves—were shown on the balance sheet at $83.8 millions, a deduction of $38.2 millions.

Funded debt of the company and its subsidiaries is now shown at $58.9 millions, compared with $85.4 millions in 1937. This was due largely to elimination of $24.8 millions of funded debt of the Newfoundland company.

Reduce Bonded Debt

During the past year C.I.P. redeem $500,000 of its 6% first mortgage bonds, reducing the amount outstanding to $20,750,000. In addition they paid off $1 million of 6% floating charge bonds which were secured by the common shares of International Power & Paper Co. of Newfoundland. The floating charge bonds were all owned by International Paper Co.

Of the $58.9 millions of funded debt of the company and its subsidiaries, $37.9 millions is owned by International Paper Co. and $21 millions by others.

In Stronger Position

Through sale of the Newfoundland property, C.I.P. operations are now confined to Canada. In addition to the newsprint mills, the company has pulp mills at Hawkesbury, Kippawa and Gatineau. The Hawkesbury and Kippawa plants produce a high-grade sulphite pulp for further manufacturing into rayon, while the Gatineau mill is equipped to produce unbleached sulphite pulp.

In recent years the company has spent fairly large sums on extending its plant capacity and improving manufacturing facilities. As a result, efficiency has been increased and the company is now in an excellent position to take advantage of

(Continued on page 24)

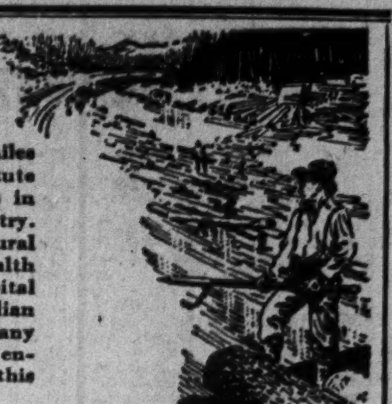
Newsprint Group

Stocks:

	Outstand. $	Earned Per Share 1938 $	Earned Per Share 1937 $	Div. Rate $	Price Range 1939-38 High	Price Range 1939-38 Low	Last Price	Yield %
Abitibi Power & Paper:								
7% Pref. cum., par $100	1,000,000	Not available		nil	43	4	13	..
6% Pref. cum., par $100	†34,881,800			nil	33	3½	12½	..
Common, n.p.v.	*1,088,117 shs.			nil	4.75	.50	3	..
*Including 67 shares deposited for exchange of shares of subsidiary companies.								
†Including 116 shares deposited for exchange of shares of Spanish River Pulp and Paper Mills.								
Anglo-Canadian Pulp & Paper Mills:								
1st Pref., par $100	8,000,000	Not available		nil	..	..	..	..
Common, n.p.v.	135,000 shs.			nil	..	..	..	..
Anglo-Newfoundland Development:								
Ord. shs., par $5	8,516,525	Not available		*	..	..	..	..
*8% paid in 1938.								
Bathurst Power & Paper:	(Refer to Kraft Section.)							
Brompton Pulp & Paper:	(See St. Lawrence Corp.)							
Bowater-Lloyd Newfoundland:								
Common, par £1	500,000 shs.	....	....	..	..	..	..	..
4½% Guar., 1st deb. stk.	£1,250,000	....	....	..	..	..	..	..
Bowater's Newfoundland Pulp & Paper Mills:								
5% Pref., par £1	£2,080,000	....	....	..	..	..	..	..
Common, par £1	£800,000	....	....	..	..	..	..	..
International Fibre Board (Controlled by International Paper Co.):								
1st Pref., par $100	1,500,000	Not available		..	..	..	..	..
2nd Pref., n.p.v.	65,000 shs.							
Common, n.p.v.	10,000 shs.							
Canadian International Paper, Ltd.: (Controlled by International Paper Co.):								
Common, par $100	10,370,500	....	....	..	..	..	..	..
Canadian Int[illegible]nal Paper: (Controlled by Can. International Paper, Ltd.):								
Common, par $100	*10,000,000	d32.11	d6.86	nil	..	..	..	..
*All owned by International Paper Co.								
Consolidated Paper:								
Common, n.p.v.	2,308,789 shs.	....	....	nil	9⅝	2⅝	8⅛	..
Donnacona Paper:								
Class A, n.p.v.	253,484 shs.	0.01	0.11	nil	8½	2	6¼	..
Class B, n.p.v.	123,088 shs.			nil	7¾	2	5⅛	..
E. B. Eddy:	(See Fine Paper).							
Great Lakes Paper:								
Common, n.p.v.	20,000 shs.	d2.66	d1.55	nil	9¾	5	7½	..
Com. Vot. Tr., n.p.v.	79,991 shs.				13	2⅛	7¼	..
Pref. A, n.p.v	10,000 shs.	0.67	1.23	nil	23½	12	12	..
Pref. A Vot. Tr., n.p.v.	90,000 shs.				33	9¼	20	..
Lake St. John Power & Paper:								
Pref. non-cum. red., par $100	1,800,000	d2.44	10.98	nil	..	..	..	..
Common, n.p.v.	100,000 shs.	d1.52	0.90	nil	34	5	17	..
All preferred and 51,469 common shares held by St. Lawrence Paper Mills, 24,811½ common shares owned by St. Lawrence Corp.								
Maclaren Power & Paper:								
Common, n.p.v.	500,000 shs.	nil	nil	nil	18	7	16¼	..
Mersey Paper:								
Pref. cum. red., par $100	5,000,000	nil	nil	nil	..	..	..	..
Common, n.p.v.	150,000 shs.	nil	nil	nil	..	..	..	..
Minnesota & Ontario Paper:								
Pref. cum. part., par $100	4,036,000	nil	nil	nil	..	..	..	..
Com. 6% cum., par $100	10,092,000	nil	nil	nil	..	..	..	..
Powell River:								
Pref., par $100	4,312,000	....	....	..	..	..	..	..
Com., par $100	3,600,675	....	....	..	..	..	..	..
Price Bros.:								
Pref. cum., par $100	6,284,300	*0.057	*7.96	nil	63	34	56	..
Common, n.p.v.	547,857 shs.	d0.62	0.28	nil	22½	6½	17¼	..
*Year ended Mar. 31, 1939 and 1938.								
St. Lawrence Corp.:								
Pref. cum. conv. red., A, par $50	14,903,400	0.61	1.05	nil	20	6	14¼	..
Common, n.p.v.	579,334 shs.	d0.77	d0.49	nil	6½	18	5	..
St. Lawrence Paper:								
6% pref. cum., par $100	142,256 shs.	0.41	1.16	nil	58½	21	40	..
Common, n.p.v.	514,675 shs.	d1.55	d1.34	nil	..	..	..	..
Brompton Pulp & Paper:								
Common, n.p.v.	*300,000 shs.	....	....	nil	..	..	..	..
*Upon completion of exchange all the shares will be owned by parent company. As at Dec. 31, 1938, 99.3 per cent were so owned.								
Spruce Falls Power & Paper:								
1st pref. 7% cum., par $100	8,900,000	Not available		...	..	..	..	..
2nd pref. 7% cum., par $100	5,000,100			..	..	..	..	..
Common, n.p.v.	200,000 shs.			..	..	..	..	..

Bonds:

	Int. Rate %	Maturity	Outstand. $	Times Int. Earn. After Deprec. 1938	Times Int. Earn. After Deprec. 1937
Abitibi Power & Paper:					
1st Mtge. Gold, A	5	1953	48,267,000	....	....
Anglo-Canadian Pulp & Paper Mills:					
1st Mtge. Debs.	5	....	£3,114,435	....	....
Anglo-Newfoundland Development:					
1st Mtge. Deb. Stock	4½	....	7,347,216	Not available	
Bowater's Newfoundland Pulp and Paper Mills:					
1st Mtge., Ser. 1928	5	1968	4,866,000	Not available	
Series of 1936	4½	1968	1,476,000		
Series of 1939	4½	1968	1,000,000		
Mtge. Deb. Stock, A	3	1973	£1,787,600		
2nd Mtge. Stock, A	3	1973	£149,800		
Mtge. Deb. Stock, B	5½	1970	£1,821,300		
Canadian International Paper:					
1st Mtge. Gold	6	1949	20,750,000	0.30	0.88
Ref. Mtge. Gold, A	6	1946	*23,400,000		
Ref. Mtge. Gold, C	5	1939	*2,000,000		
Secured Notes	5	....	*5,000,000		
(Riordon Pulp & Paper) 1st Mtge. S. F. Debs.	6	1942	287,900		
New Brunswick International Paper) 1st Mortgage	6	1961	*12,500,000		
*All owned by International Paper Co.					
Consolidated Paper:					
1st Mtge. Gold & Sterling Reg. Deb. Stock	5½	1961	†51,406,900	*1.20	*1.66
†Excluding $7,048,600 held as collateral for bank loans; $1,666,600 held by trustee.					
*Before depreciation.					
Donnacona Paper:					
1st Mtge. S. F. Gold, A	4½	1956	6,584,000	1.15	1.32
10-year Notes	5½	1947	703,500	1.07	2.50
Great Lakes Paper:					
1st Mtge. S. F.	5	1955	6,000,000	1.56	1.93
Lake St. John Power & Paper:					
1st Mortgage	5½	1961	5,652,600	1.43	2.34
Mtge. Debentures	5	1961	3,527,500	0.75	2.36
Mersey Paper:					
1st Mtge. S. F., A	5	1957	4,000,000	1.00	1.00
Gen. Mtge. S. F. Gold, A	6	1949	2,049,500		
Minnesota & Ontario Paper:					
1st Mtge. S. F. Gold, A	*6	1930-45	15,400,000	nil	0,213
Do., Series B	*6	1948	4,000,000		
Do., Series C	*6	1950	5,000,000		
Gold Notes	*6	1931	3,500,000		
*In default.					
Price Bros.:					
1st Mortgage Series	3	1940	500,000	1.23	2.08
Do.	3½	1941-43	2,000,000		
Do., Sink. Fund	5	1957	12,000,000		
2nd Mtge. Conv. Debs.	4	1957	†3,936,800	1.02	4.77
†Convertible until Mar. 1, 1947, into one common share for each $30 principal amount of debentures.					



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CHARLES G. COWAN
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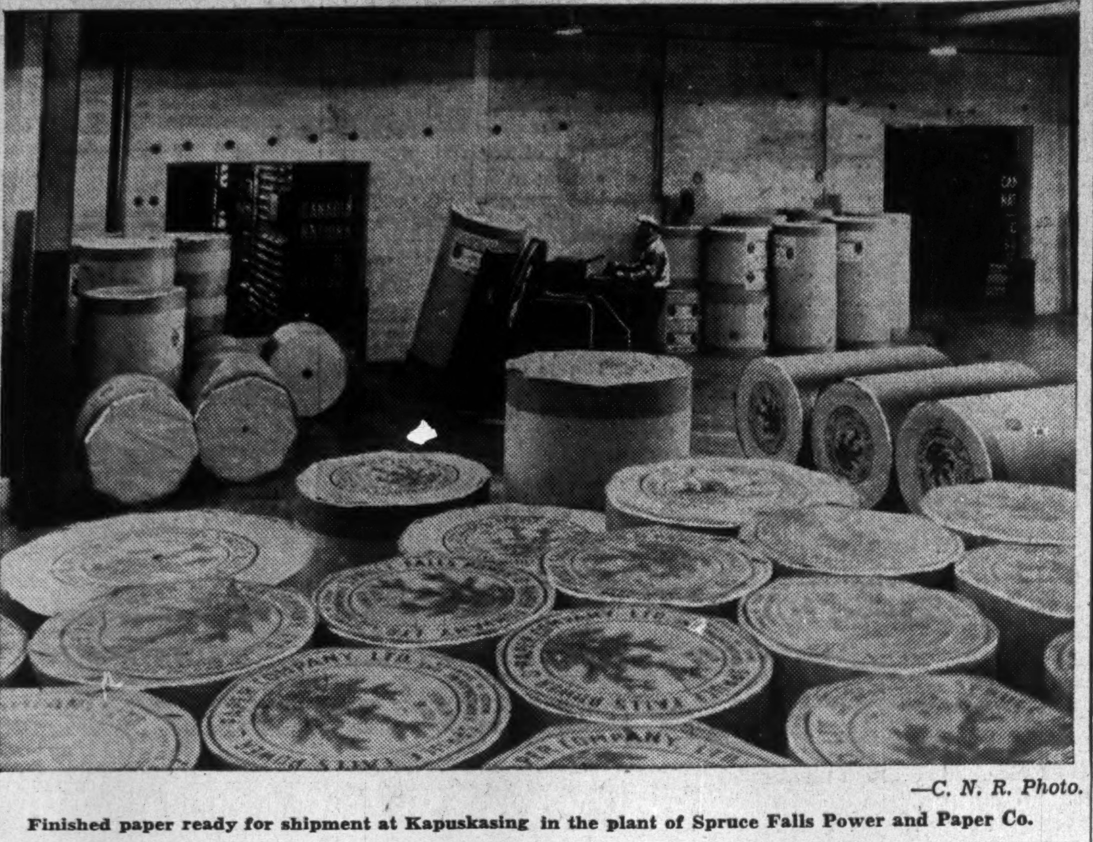
Newsprint Companies Reviewed



—C. N. R. Photo.

Finished paper ready for shipment at Kapuskasing in the plant of Spruce Falls Power and Paper Co.

Can. Int. Paper

(Continued from page 23)

an upswing in the demand for pulp and paper products.

Directors—J. H. Hinman, pres.; S. L. de Carteret, vice-pres. and gen. mgr.; Brig. Gen. J. B. White, vice-pres., Montreal; W. N. Hurlbut, New York, vice-pres.; R. C. Doane, vice-pres.; H. R. Weaver, vice-pres. & treas.; R. J. Cullen, J. H. Phipps, J. F. Rollins, A. H. Wiggin, New York; Hon. Raoul Dandurand, J. A. Eccles, L. P. Gelinas, G. H. Montgomery, Hon. Donat Raymond, Montreal; G. C. Edwards, Ottawa; T. A. Russell, Toronto; H. P. Robinson, Saint John, N.B.; Chenier Picard, Sherbrooke, Que. **Vice-pres.**—E. L. Crooker, F. G. Robinson, C. B. Thorne. **Sec.**—Roy Campbell.

Consolidated Paper Corp.

Consolidated Paper Corp., one of the major newsprint manufacturing units in the world, has considerably improved its position since reorganization a few years ago. There has been a substantial reduction in current indebtedness, while the working capital position has been improved by several millions of dollars.

Earning power is still of limited proportions, in relation to the capital invested, but there has been a steady improvement and strengthening of financial position.

Operations for this year are likely to show a moderate change over those recorded for 1938, when the company operated at a little better than half of capacity. The demand for newsprint to date has been somewhat better than in 1938, but the increased revenue has gone, in part, for higher taxes and other charges.

Stronger Financial Status

Though revenue may not show any marked change, the improvement in financial position should continue. At the time of the annual meeting at the beginning of last May, president L. J. Belnap told the shareholders bank loans, which were reduced in 1938 by $274,000, had shown a further reduction of $1.6 million as at April 26, 1939. The loans are now at the lowest level since the inception of the company.

Commenting on results at the end of the year he noted that during 1938 the working capital was improved by about $2,462,000 and was further improved in the first quarter of 1939. Working capital was $5,340,000 at March 31 last, against $4,720,832 at the end of 1938.

Consolidiated financial statement for last year showed a total revenue, after deduction of certain prior charges, of $3,890,324 as against $4,668,992 in 1937. This was considered a satisfactory showing in view of the fact that the volume of sales in 1938 was 32% less than the year before. Net income before interest on the first mortgage bonds, which was waived, and depreciation reserves, totalled $3.4 millions, as against $4.7 millions a year ago. The balance of income was transferred to depreciation reserves.

Bond Interest Question

Both bondholders and stockholders are waiting with interest to learn whether the interest payment on the 5½% first mortgage bonds, which becomes due and payable on Jan. 2 next, will be paid in stock or in cash on the $51.4 millions of outstanding bonds.

Under the terms of the arrangement entered into between the company and the bondholders in 1936, interest must be paid in cash if the net working capital is in excess of $10 millions. Interest is to be paid in cash to the extent of such excess provided that no cash payment will be less than 55c. per $100 principal amount of bonds, any balance unpaid to be settled by issue shares at $11 a share. If the working capital is less than $10 millions, the company may pay interest in stock.

At present the market value of the common is less than $11, so that the holder of a $1,000 bond would receive five shares of stock having a value less than the usual amount he would receive if the compay were able to pay cash.

As already mentioned working capital was $5,340,000 at the end of last March and while this figure may be increased substantially before the close of the year, it is most unlikely to reach the figure required by the trust deed.

A full year's interest on the outstanding debt requires $2,595,738. For the half year the company would have to pay in cash or stock, valuing the latter at $11 a share, $1,297,869, or 158,968 shares of common stock.

As the ability to pay in cash is remote, it appears at this time that the management will issue stock, in which event the outstanding number of shares will be increased to 2,426,777 shares.

Better Outlook Now

In common with the other newsprint companies the outlook for Consolidated Paper has improved as a result of wartime conditions. It is anticipated that there will be an increase in the demand for Canadian newsprint. At the same time, rising costs are likely to mean higher newsprint prices. While the industry has signified its intention of maintaining a stabilized market without profiteering, there is reason for believing that revenues will increase.

Whether or not earnings of Consolidated Paper will advance to point where it will be possible for the company to consider the payment of interest in cash during 1939, remains to be seen, but, in any event, the company should be able to bring about a further improvement.

Directors—L. J. Belnap, pres.; Francois Faure, vice-pres.; N. J. Dawes, W. H. Howard, G. M. Todd, R. H. McMaster, E. A. Macnutt, A. B. Purvis, C. F. Sise, Montreal; Col. H. D. L. Gordon, Toronto. **Assts. to pres.**—G. M. McKee, C. R. Whitehead. **Compt.**—George Henderson. **Sec.**—G. W. Hodgson. **Treas.**—D. L. Adams. **Asst. treas.**—J. W. Hodgson.

Donnacona

Earnings of Donnacona Paper Co. in the current year to date have been moderately better than in the corresponding period of 1938. For all of last year the company earned $501,700. This represented a reduction of almost $100,000 from the previous year.

During the first half of the year an adverse factor in operations was the decline in sales of insulating board. Exports of this product were below what they were last year, due to competition from Scandinavian mills. Newsprint sales in the same period, however, are understood to have increased, offsetting the decline in insulating board.

Donnacona's earnings have not shaped up the way that had been anticipated, largely due to unfavorable developments in the newsprint market. It will be recalled that the company raised additional capital to increase plant facilities. An increase in earnings had been anticipated, but earning power of the company has been held back because of market conditions.

At this time the company is in a good position to share in the increased demand expected to result from wartime conditions. The company has three principal products, newsprint, sulphite pulp and insulating board. Over the next 12 months demand for newsprint should show an increase, while pulp sales are likely to be larger and at a better price.

The sales of board will depend upon many conditions, but principally on the volume of construction in Canada. The export board business will be affected by war conditions so that in this branch of business the company will have to depend largely on domestic demand until peacetime conditions are restored.

Better Working Capital

Financially the company is in a better position than it has been for some time, net working capital at the end of 1938 amounting to over $1 million. The inventory position is exceptionally strong, having a value at the end of last year of over $1.4 million or nearly twice as large as at the close of 1937. In view of the likely trend of advance in costs this ought to stand the company in good stead.

Last year the company showed a small net profit after depreciation and interest charges.

In the event of earnings shaping up along anticipated lines, it might not be long before the company would be in a position to consider dividends. However, that is not likely to happen in the near future.

Directors—R. P. Kernan, pres.; Hon. Geo. Parent, vice-pres., Quebec, P.Q.; L. W. Michael, sec.-treas., Donnacona, P.Q.; Sir Geo. Garneau, Hon. W. G. Power, Quebec; Hugh Mackay, A. P. S. Glassco, Montreal. **Asst. sec.-treas.**—C. Leveille.

Great Lakes

Great Lakes Paper Co. owns a modern newsprint mill at Fort William, Ont. The company's two newsprint machines have a daily rated capacity of 350 tons and in 1937 produced a record total of 112,656 tons. The company also has a sulphite pulp mill with a daily rated capacity of 125 tons, a portion of which is available for sale.

The company produced at about 65% of capacity during the first half of 1939 and it is thought that operations in the last half of the year will show some improvement. Prospects are that earnings for all of 1939 will not be far from the 67 cents a share earned in 1938 on the A and B preference stocks.

Great Lakes Paper has been the centre of controversy over the prorating schedules of the Canadian newsprint industry. The company holds a contract with U. S. publishers, who are also shareholders in the company, for a minimum of 67,500 tons of newsprint annually. These contracts run for a period of 10 years from Jan. 1, 1936. Late in 1938 the company signed an additional contract for a minimum of 20,000 tons of newsprint annually on similar terms. This last contract has been assigned to other Canadian producers as a concession to demands that the company conform to the prorating policies of the industry.

Dividends in Arrears

At present it appears that the company is carrying on after making certain concessions to the pressure about to bear upon it to prorate its production.

No dividends have been paid on the class A preference stock which is entitled to accumulative preferential dividend of $2 yearly from Oct. 1, 1935.

It appears that earnings will be sufficient, even without allowing for the improvement in conditions over the coming months, to permit the company to maintain the full interest payments on its 5% first mortgage bonds.

Directors—Hon. W. Earl Rowe, pres.; A. D. Cobban, vice-pres.; R. G. Meech, C. B. Shields, Thomas Bradshaw, Toronto; Norman Paterson, Fort William; L. E. Aldrich*, Chicago; Ray Lawson, London, Ont.; Herbert Ponting*, Detroit, Mich. **Sec.-treas. and asst. to pres.**—Charles England. **Asst. treas. & compt.**—F. K. Carlisle.

*Representing the publishers.

Lake St. John

In common with other newsprint companies, Lake St. John Power and Paper Co. showed a substantial improvement in earning power and financial position during 1936 and 1937. Since then, however, there has been a deterioration. Net earnings in 1938 amounted to only $582,121 as against $1,000,984 in 1937. After reducing the provision for the depreciation reserve by about 50%, there was a net loss of $46,838 as against a profit of $197,680 in 1937.

Since the beginning of the year there has been a moderate improvement in the sales of the company, but prospects of any material improvement in earnings this year depend very largely upon the outcome of the last quarter.

Defer Debenture Interest

Early in the year the company was faced with the problem of paying interest on its debentures. Not only had there been a falling off in earnings, but the company was carrying a very substantial book debt of the Hearst newsprint buying organization. Up until last year all of Lake St. John's output was sold to this buyer. At the end of 1938 Hearst owed the company $1,122,288, represented by a pledge of certain Hearst assets and notes. The notes were discounted with the bank, which was reflected in bank loans of $1,196,500.

In view of this situation the directors decided that in the interests of the company it was advisable to defer interest payments on the debentures. Under the trust deed securing the debentures, interest becomes a cumulative charge and is to be paid as and when working capital position warrants.

Since the turn of the year, other companies in the industry have assumed part of Lake St. John's Hearst contract, which has permitted the company to secure other business. This has tended to strengthen the position of Lake St. John.

Better Times Seen

The wartime conditions affecting the other newsprint companies apply also to Lake St. John. The expectation is that the demand for newsprint will develop on a gradually increasing scale, particularly in the United States and South American markets, with the demand accelerating as shipments from the Scandinavian countries to those markets become more difficult. At this time it is impossible to say just how much additional business will be available to Canadian companies but the prospects are that the demand will be such as to permit the mills in this country to step up production to a level appreciably higher than has been prevailing over the last 20 months.

Directors—D. H. McDougall, chm., Toronto; A. S. McNichols, pres., Montreal; H. H. Horsfall, vice-pres., Toronto; A. H. Campbell, A. S. Fraser, J. I. Rankin, John Stadler, Montreal. **Gen. mgr.**—P. M. Fox. **Sec.-treas.**—C. W. Davison. **Voting trustee**—D. H. McDougall, H. H. Horsfall, J. W. Mitchell, Toronto; A. S. McNichols, John Stadler, Montreal.

James Maclaren

Newsprint operations of the James Maclaren Co., subsidiary of the Maclaren Power & Paper Co., follow the general trend of the industry. There has been a moderate improvement in sales this year. Expectations are that revenues from newsprint operations will make a somewhat better showing than a year ago.

Parent Firm Strengthens

Generally speaking the position of Maclaren Power & Paper Co. has undergone an improvement of late, while the outlook is definitely brighter than it has been for some time past. The company's power subsidiary, Maclaren-Quebec Power Co., has resumed contractual relations with the Ontario Hydro, which ensures that company being able to pay interest on its bonded debt. Previously this was a charge which had to be met largely from earnings of the James Maclaren Co. and borrowings from the bank. Financial and operating returns of James Maclaren Co. are consolidated with those of the parent company.

In 1938 Maclaren Power & Paper showed a loss of $621,809 after providing for operating expenses, interest charges and depreciation. The amount provided for depreciation and amortization was $321,095. It is officially estimated that in 1939 the company will show, after interest charges, an amount of $155,000 available for depreciation, amortization, income tax, etc. Pre-war estimates indicated that by 1941 revenues should be sufficient to take care of all charges.

Prospects now are that the company should experience a much broader demand for its products at higher prices. This should have a beneficial effect upon earnings, while the increase in deliveries to Ontario Hydro should add further to the revenues of the parent concern.

The position of the company has been further strengthened by the fact that early in the year a refunding operation was carried out. The company redeemed all its outstanding $18 millions of 5½% three-way pay bonds with an issue of $18 millions of 4% first mortgage bonds, payable as to principal and interest in Canadian funds only. At the same time provision was made for the issuance of $4 millions of 5% 10-year notes, the proceeds of which were used by the company to liquidate bank loan of $2 millions guaranteed by the James Maclaren Co.

Upon completion of this financing, Maclaren - Quebec Power's bonded debt remained unchanged at $18 millions, but the interest rate was reduced from 5% to 4%. There was also issued $4 millions of 5% 10-year notes, while the advances from the James Maclaren Co. were reduced to $2.2 millions and maturing at a date subsequent to May 15, 1959.

Directors—Albert Maclaren, pres.; J. A. Bryant, sec.; J. T. Black, treas.; R. M. Kenny, T. F. Kenny, C. H. Maclaren, J. R. Maclaren, J. N. Copping, C. R. Morrison, Buckingham, Que.

Mersey Paper

Mersey Paper Co. continues to operate a newsprint mill at Liverpool, N.S., on a capacity basis, one of the few in Canada in this enviable position. Consequently it is not anticipated that income account for 1939 will show much larger earnings than in 1938, though much will depend upon the extent of the premium received on American funds payable on shipments made during the last four months of 1939.

With the premium on American funds at a level of 10%, this is equivalent to an additional $5 a ton in Canadian funds on all sales made in the States. This "bonus" would be largely net profit and would have a definite bearing upon the net earnings reported by the company for this year.

Last year net earnings after provisions for depletion and doubtful accounts amounted to $852,933. This compared with $947,243 for 1937. After deduction of $399,855 for interest charges, the remaining $453,078 was charged to depreciation.

Up to date Mersey has charged off a very considerable sum to depreciation; $3,614,363 at the end of 1938, as compared with fixed asset values of $13,537,115. This policy has prevented payment of any dividends on the capital stock. In 1937 arrears on the preference were liquidated by arrangement which resulted in reducing the dividend rate on the preferred from 6½% to 5% in exchange for a block of the common stock. Despite this change, the preferred is still in arrears of 5½% as at July 1, 1939.

One of the most important developments in connection with the company last year was the completion by the Nova Scotia Power Commission of the Cowie Falls development, which made available to Mersey Paper Co. an additional 10,000 h.p.

Inasmuch as the company has been able to sell its entire ouput, it is not so much concerned with any additional business which might accrue to the Canadian companies as the result of cutting off of Scandinavian supply by the war. On the other hand, it is concerned with the trend of prices. Any improvement in the price of newsprint would naturally affect Mersey, depending upon the extent of the increase in its own costs.

Directors—Col. C. H. L. Jones, pres. & man. dir.; J. McG. Stewart, vice-pres.; B. J. Waters, gen. mgr.; Col. J. L. Miller, P. R. Jack, J. C. MacKeen, Halifax, N.S. **Sec.-treas.**—T. M. Ratchford.

M. & O. Paper

Minnesota & Ontario Paper Co. makes and distributes a number of paper and lumber products including newsprint, sulphite pulp, "Insulite," rough and finished lumber and liner board. Manufacture of grocery bags was started early this year. Combined annual capacity of mills at International Falls, Minn., and Kenora and Fort Frances, Ont., is 250,000 tons of newsprint, 34,000 tons of liner board, 66,650 tons of unbleached sulphite, 300,000,000 feet of insulating material and other products. M. & O. Paper Co. is being operated by trustees under the U. S. corporate bankruptcy law and has been in default on its $27.9 millions of first mortgage bonds since 1931.

Minnesota & Ontario is unlike many newsprint companies in that it has a strong financial position. Cash of $1.8 million at June 30 of this year was well above total current liabilities of slightly over $1 million. Company has been able to build up its working capital at the expense of bond interest which has not been paid for a number of years.

The company's stock was formerly held by Backus-Brooks Co. and liquidation of this concern means that practically all of the common and preferred stock is held by the trustees themselves.

Trustees—C. T. Jaffray, S. M. Archer, Minneapolis; R. H. M. Robinson, New York. **Bondholders' Protective Committee**—F. K. Schrader, chm.; A. D. Cobban, C. S. Garland, F. M. Gordon, R. P. Matthiessen, W. A. Smart, R. S. Waldie, H. D. Thrall. **Sec.**—H. R. Mosser, 209 S. La Salle St., Chicago.

Ontario Paper

Ontario Paper Co. and its associate, Quebec North Shore Paper Co., represent one of the largest privately owned newsprint enterprises in the Dominion. Control of both proper-

(Continued on page 26)

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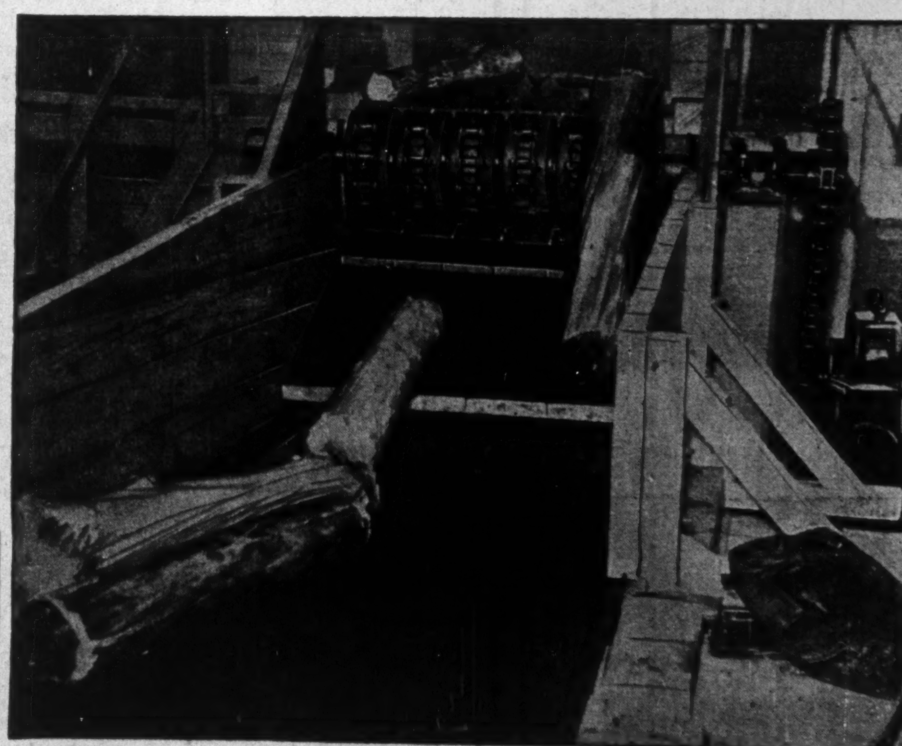

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Confidence Returns

Current Security Values Moderate Related to 1937-1939 Trend; Debt Charges in U. S. Funds Affects Many

Once again the investor has taken the pulp and paper securities to his bosom. On the whole his experience with this group has been a rather sorry one, but underlying is a streak of blind confidence that under the proper conditions the industry can make money. Now with war conditions prevailing, the investor sees increased use for the pulp and paper industry.

Since the beginning of the month buying in this group has been heavy. Advances have been substantial; not only in the bonds, but in the preferred and common stocks. The buying has been "right across the board," though probably three or four companies have been prime favorites.

Reasons for Advance

The sharp advance in security values has been predicated upon a number of factors.

1. Expansion in demand for all pulp and paper products, particularly newsprint and chemical pulps.
2. Rising prices; actually and prospectively.
3. Higher company earnings.
4. Freedom from excess profits taxes at least for the time being.
5. Premium on newsprint sales in U. S. will give the manufacturers another $5 a ton at present exchange rates.
6. Strengthening of market relations with the American publishers.

All these are good and valid reasons for the advance in pulp and paper security values.

Anticipate Better Earnings

In some quarters it may be contended that the market has advanced farther than justified by actual and near prospective developments in the industry. There are grounds for this claim.

Ordinarily the market discounts improvements some months ahead. It may be three or six months depending upon conditions. In the present instance the market would appear to be discounting the future of the industry for considerably more than six months. Generally speaking, it is difficult to see how anything like substantial earnings will be placed behind the junior securities until after 1940.

Betterment in Position

On the other hand it should be recognized that the industry has been slowly but steadily improving its position over the past year. Values were too depressed and some of the recent gain can be credited to a market recognition of this improvement.

Quite definitely the outlook for the senior securities of the industry has improved. But in the case of the bonds, as well as the more junior securities, it is still necessary for the investor to use discretion before making commitments. In a market such as was experienced in the first half of September, it was possible to buy almost any pulp and paper security and make a profit. The market is gradually turning to a point where it is necessary to analyze carefully the individual position of the companies.

If the demand for pulp and paper products, especially from the United States, develops along expected lines, all the operators will have an increased volume of business. As far as the newsprint companies are concerned the increase will be apportioned among the individual mills in relation to their capacity. In other words the prorating policy continues.

"Payable in U. S. Funds"

In considering the bonds of the companies, however, one important point to keep in mind is that while all the operators benefit by the premium on American funds in relation to sales, quite a number are adversely affected in meeting their debt charges. Many companies have taken advantage of reorganizations and refunding to rid themselves of bonded debt payable as to interest and principal in American funds, but others have not been so fortunate and are faced with the prospect of fairly heavy charges in this connection.

Following is a list of Canadian pulp and paper companies which have no obligations payable as to principal or interest in American funds:

Howard Smith Paper Mills
Lake St. John Power & Paper
Anglo-Canadian Paper Mills
Maclaren Power & Paper
Mersey Paper (1st mortgage bonds only)
Price Bros. & Co.
Rolland Paper
Westminster Paper

To this list also might be added St. Lawrence Paper Mills and Spruce Falls Pulp & Paper. Neither of these companies has any bonded debt, while the greater part or all of their output is sold in the States and payable in American funds.

On the other side of the ledger are a number of companies which must take into consideration the premium on American funds in meeting their debt obligations. On the basis of the Canadian dollar selling at a discount of 10% in relation to American funds, the matter is of importance and has a direct bearing on earnings available on more junior securities.

Following is a list of companies with bonded debt charges payable in American funds:

Canadian Pulp and Paper Bonds Payable in U. S. Currency

Company:	Par value of bonds $000	Rate %	Annual interest charge $
B. C. Pulp	3,130	6	187,830
	1,223	7	85,645
Bowater-Lloyd	4,866	5	243,300
	1,476	4½	66,420
Can. Inter. Paper	20,750	6	1,245,000
Consol. Paper	51,407	5½	2,827,379
Donnacona	6,584	4½	296,280
Dryden	1,301	6	78,090
Fraser Cos.	7,708	6	462,420
Great Lakes	6,000	5	300,000
Mersey	2,049	6	122,970
Provincial	3,400	5½	187,000
Restigouche	4,291	6	257,490

Note:—Abitibi and Minnesota and Ontario Paper Cos. are not included, as both companies are in bankruptcy.

Are Values High?

Turning to the junior securities (which in some cases rank as the senior charge) a survey shows substantial gains in value as compared with the low of the year. Of greater interest is the fact that despite the rapid rise in the past few weeks, current values are still well below the 1938 highs and either below or slightly above the 1937 lows.

This is important. The recent rise has created a widespread belief that values have "gone through the roof." Yet an examination of the accompanying table indicates otherwise. True current prices, compared with their 1939 lows, represent a substantial advance, yet they cannot be said to have run away in contrast with the values prevailing in 1937 and 1938. Moreover when consideration is given to the changed conditions resulting from war, it may be said that while the market has discounted future prospects, such prospects do not appear to have been overly discounted.

TREND OF PULP AND PAPER STOCK VALUES

	1937		1938		1939	
	High	Low	High	Low	Low	Current
Abitibi, com.	15½	1¼	4¾	1	½	2½
Do., pfd.	80	14	33	8½	3½	12
Bathurst "A"	24½	9½	11¼	6½	5	8½
Consolidated Paper	24½	5⅛	9⅛	3½	3½	7½
Donnacona "A"	19½	5	8½	3¼	3	6
Dryden	26¾	7	8½	4	3¼	6¾
Great Lakes	25½	7	23½	17	5	6⅞
Howard Smith	34¼	11¾	18	9	9	14
Maclaren	37¼	27	17	7	8	15
Price Bros., com.	48½	11½	20	8⅝	6½	17
Do., pfd.	59	45	63	34	39	55
St. Lawrence Corp., com.	15¼	3¾	6½	2¾	2½	4½
Do., pfd.	39¾	12	20¼	8½	8	14¼
St. Lawrence Paper, pfd.	97	34	58½	24	21	39⅛

Stronger Working Capital

Rebuilding of Finances Places Operators In Position to Handle Larger Volume of Business

Canadian pulp and paper operators started off the current year generally in better financial shape than for some time past. With few exceptions each of the individual operators has reported a larger net working capital.

Improvement in this respect does not necessarily imply a broad expansion of earnings. As a matter of fact only a small proportion of the manufacturers are paying anything on their capital investment. The majority have shown only a small balance after provision for interest and depreciation. However, the policy common to nearly all companies has been to appropriate all balances after interest payments to reserves. In this way operators have been able to slowly build up net working capital to a position where it is now more in line with normal requirements.

Changes in Net Working Capital Position*
(As at December 31)

	1938	1937	1936
Abitibi	$7,347,567	$5,302,571	$2,241,301
Bathurst	2,369,721	1,877,293	2,179,585
B. C. Pulp	525,252	682,315	794,870
Bldg. Products	1,927,325	1,826,160	1,835,317
Bowater-Lloyds	5,083,000	5,647,248	4,180,690
Can. Inter. Paper	14,808,734	†18,702,219	†14,187,187
Can. Wirebound Boxes	236,901	326,770	314,239
Consolidated Paper	4,770,833	2,308,856	§725,376
Corrugated Paper	302,089	271,878	338,559
Donnacona Paper	1,013,504	880,663	777,017
Dryden Paper	451,395	560,537	518,453
Fraser Cos.	3,652,458	3,010,593	2,636,542
Great Lakes	1,539,783	1,464,566	1,095,472
Hinde & Dauch	1,069,928	981,242	1,287,774
Howard Smith	2,763,773	2,559,057	2,537,610
Lake St. John	1,781,282	1,617,532	1,525,951
Mersey Paper	461,336	1,406,836	§2,129,144
M. & O. Paper	5,913,066	5,314,846	4,512,052
Price Bros.	7,259,356	5,817,454	7,207,166
Provincial Paper	2,482,251	2,675,119	2,465,672*
Restigouche	972,752	699,743	893,384
Rolland Paper	893,592	965,444	1,015,570
Spruce Falls Paper	184,692	§105,520	165,144
St. Lawrence Paper	659,333	312,027	534,633
Westminster Paper	167,182	125,241	108,175

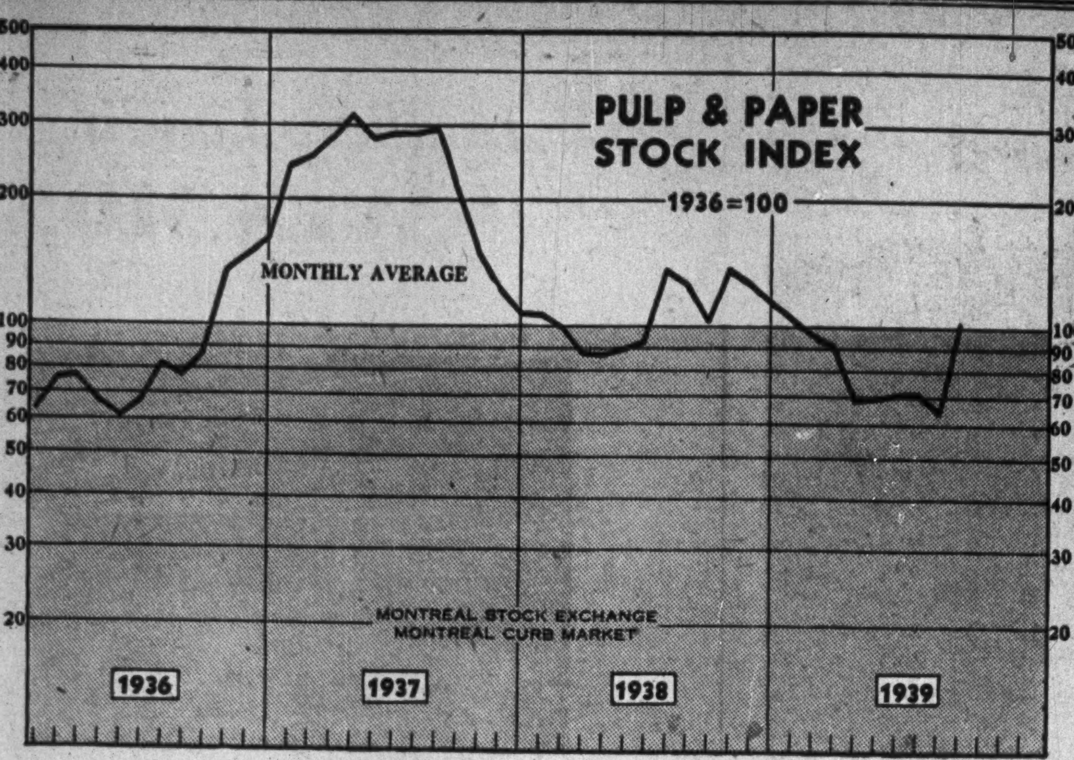
†Included I. P. of Newfoundland, sold in 1938. §Deficit.
*Note:—Where fiscal year does not end on Dec. 31, the returns have been made to correspond as closely as possible.

USES OF QUEBEC WOOD

Of Quebec's annual wood cut approximately 55% is manufactured into pulp and paper; 24% sawed into lumber and the balance used for the manufacture of various wood products.

QUEBEC LEADING PULP MAKER

Quebec manufactures more pulp than any other province in Canada, with Ontario second, New Brunswick third, British Columbia fourth, Nova Scotia fifth and Manitoba last.



Newsprint stocks have been quick to reflect changes in indicated prospects for the industry. At current levels, however, they are still far below 1937's peaks although optimistic estimates of probable scale of operations over the next year or two indicate the hope that postdepression peaks make be easily surpassed. Active trading and widely distributed holdings of newsprint stocks make them favorites for many investors who desire to stress capital appreciation.

Newsprint's Balance Sheet

NEWSPRINT PRODUCTION
(Newsprint Service Bureau)

	Tons 1938	Tons 1937	Increase or Decrease in tons	Jan. to Aug. Tons 1939	Jan. to Aug. Tons 1938	Increase in tons
Canada	2,624,580	3,647,800	1,023,220	1,805,669	1,682,720	112,949
United States	820,055	945,721	125,666	626,820	524,668	102,152
U.S., Canada	3,445,635	4,593,521	1,147,876	2,432,489	2,227,388	205,101
Newfoundland	268,404	350,142	81,738	194,529	165,801	28,728
N. America	3,814,039	4,943,663	1,129,624	2,627,018	2,398,189	233,829

UNITED STATES IMPORTS

	Tons 1938	Tons 1937	Increase or Decrease in tons	Jan. to Aug. Tons 1939	Jan. to Aug. Tons 1938	Increase in tons
Canada	1,881,020	2,909,360	1,028,340	1,167,766	967,596	200,170
Newfoundland	59,283	135,371	76,088	44,548	28,015	16,533
Europe	243,065	293,953	50,888	*159,484	*117,507	41,977

*To end of June.

APPARENT CONSUMPTION IN UNITED STATES
(Based on Reports to A.N.P.A.)

Tons 1938	Tons 1937	Decrease in tons	Jan. to July Tons 1939	Jan. to July Tons 1938	Increase in tons
3,422,269	3,824,743	......	1,996,134	1,968,062	......

APPARENT CONSUMPTION IN CANADA*

Tons 1938	Tons 1937	Decrease in tons	Jan. to Aug. Tons 1939	Jan. to Aug. Tons 1938	Increase in tons
159,197	219,553	60,356	122,108	100,919	21,189

*Based on shipments.

EXPORTS FROM NORTH AMERICA

From	Tons 1938	Tons 1937	Decrease in tons	Jan. to Aug. Tons 1939	Jan. to Aug. Tons 1938	Increase in tons
United States	5,958	17,059	11,101	†4,560	†3,551	*1,009
Can. to U.S.	1,881,020	2,909,360	1,028,340	1,336,411	1,129,745	206,666
Can. Overseas	475,779	525,756	49,977	293,929	309,903	*15,974
Newfoundland	264,328	377,195	112,867	172,447	145,563	26,884

†6 months to July; *Decrease.

STOCKS ON HAND

	End of 1938	End of 1937	Increase in tons	End of July 1939	End of July 1938	Decrease in tons
Can. mills	161,438	52,854	108,584	202,051	179,282	†22,769
U.S. mills	18,583	15,105	3,478	17,006	22,557	5,551
Nfld. mills	46,743	42,667	4,076	83,923	70,741	†13,182
Ttl. mill stocks	226,764	110,626	116,138	302,980	272,580	†30,400
U.S. Publish.‡	393,784	766,784	*373,000	347,187	429,548	82,361
All stocks	620,548	877,519	*256,791	650,367	702,128	51,761

‡Apparent total based on A.N.P.A. member reports; *Decrease; †Increase.

NEWSPAPER ADVERTISING IN UNITED STATES
(52 Major Cities—Media Records Inc.)
Agate Lines

1938	1937	Decrease	Jan. to July 1939	Jan. to July 1938	Increase
1,225,075,889	1,409,666,418	184,590,529	699,914,322	689,994,266	9,920,056

Newsprint Leads in Export Roster

Newsprint ranks as the most important commodity exported from Canada. In the 1938 fiscal year the value of newsprint exports was nearly $4 millions higher than that of wheat, and considerably above gold bullion, nickel and other items which are usually regarded as the Dominion's principal exports.

The importance of pulp and paper is shown in the following list of the eight leading commodities exported in the last fiscal year:

Newsprint paper	$120,007,550
Wheat	116,273,709
Gold bullion	86,203,736
Nickel	61,918,600
Copper	45,674,426
Lumber	43,662,909
Meats	41,362,775
Woodpulp	39,960,178

Sidney Roofing

Sidney Roofing & Paper Co., a privately owned concern, operating plants in Victoria and Vancouver, manufactures a variety of products. The mills have a daily capacity of 10 tons of groundwood pulp and 25 tons of box board, testing board, felts, building paper and roofing paper. It is also understood that the company has an important interest in the manufacture of paper boxes in British Columbia.

At present Sidney Roofing is planning to undertake the rebuilding of the portion of its groundwood mill which was recently destroyed by fire. It is estimated that the cost of the new plant and equipment will run as high as $50,000. This would indicate an expansion of the original mill, the loss of which was estimated at $25,000.

Masonite Co.

Masonite Company of Canada, formed jointly by Canadan International Paper Co. and Masonite Corp. in the United States, has started construction of a plant at Gatineau, P.Q.

Hitherto Masonite products sold in Canada have been imported from the States. It is the plan to have the new Gatineau plant produce all grades and types of board products made by the American firm.

Primary distribution of the products from the new plant will be through two agencies which are now selling the products made by the United States—International Fibre Board Ltd. and Donnacona Paper Co.

Over $570 Millions Capital Employed

Over $570 millions of capital was invested in Canada's pulp and paper industry at the beginning of 1938. Of this, $483 millions was represented by timber limits, plants, improvements, etc.; $52 millions in materials and finished products; and $35 millions in operating capital.

Distribution of capital by provinces follows:

	As of Jan. 1 1938	As of Jan. 1 1937
Quebec	$284,731,402	$262,787,176
Ontario	174,858,267	169,552,087
B. C.	47,130,784	45,067,479
Other provinces	63,631,834	58,666,292

U.S. Dollar Premium Adds to Freight Costs

With the American dollar commanding a premium in Canada, Canadian railways have announced the assessment of an exchange surcharge covering the movement of pulp and paper products into the United States. For the last half of September the surcharge rate amounts to 7% of the total transportation charges. On the basis of a freight rate of $7.35 a ton from the Grand'Mere area to New York, this means an additional charge to be borne by the operators of little more than 50 cents on the gross delivered price per ton.

The surcharge is usually based on 60% of the favorable exchange rate prevailing on the 14th and last day of each month. The rate thus determined is pegged for a 15-day period.

U.S. Institutes Enquiry on Pulp

Work has been begun by the United States Tariff Commission experts in connection with the resolution passed at the last session of the U. S. Congress and introduced by Senator Borah of Idaho calling for a wood pulp and pulpwood investigation. This enquiry was prompted by the alleged dumping of European pulp in the American market, especially from Germany.

Quebec Sets Loggers' Wage

New Rate Helps Lumberjack But Adds Little to Costs

From Our Own Correspondent

MONTREAL.—New wage regulations laid down by the Province of Quebec for lumberjacks employed in the woods tend to strengthen the position of the worker but do not add materially to the costs of the pulp and paper operators.

An Order-in-Council has been passed by the Government fixing a minimum wage of $45 a month, plus board and lodging, representing a total salary of approximately $65 a month.

The working day in the lumber camp has been limited to 10 hours with a 60 hour week as a maximum. In a case where overtime is absolutely necessary, the employee will receive time and a quarter for his work.

These conditions are much the same as applied in the woods last winter. At that time the base rate for workers on a monthly basis was $45 a month and board.

New Piecework Rate

In addition to the minimum monthly wage for workers, the Government also has fixed a minimum of $2 per 100 cu. ft. for lumberjacks hired on a piecework scale.

This represents a new Order-in-Council. Hitherto there has been no Government regulation on piecework.

According to reports, no change is expected in Ontario's lumber camps. The wages and working conditions in the Thunder Bay and Massey districts are fixed under provisions of Industrial Standards Acts.

Ontario Rate Set

According to officials of the Ontario Fair Wage Board, no action is anticipated similar to that taken in Quebec. At present, forestry employees and employers in Ontario may get together under Government auspices and draw up codes for various districts.

Such agreements were in effect at Timmins and Rainy River districts, but have expired. There is none in North Bay area. The wages set are for various types of work, more than a dozen classifications in all.

Pulp Production Sets New Record

Canada set up a new pulp production record in 1937, the latest year for which complete returns are available, when 5,141,504 tons were produced. This contrasts with 3,558,545 tons in 1936. While returns for 1938 and 1939 are expected to show a reduction from this high level, still the output has been above average.

Particulars of the different types of pulp produced in 1937, with comparative figures for 1936, follow:

Type:	1937	1936
Groundwood	3,308,517	2,910,338
Sulphite, bleached	459,041	429,714
Sulphite, unbleached	914,191	739,213
Sulphate fibre	312,741	273,494
Screenings, chemical	48,871	38,504
Screenings, mech.	76,227	73,944
All other	21,916	20,238
Total	5,141,504	3,558,545

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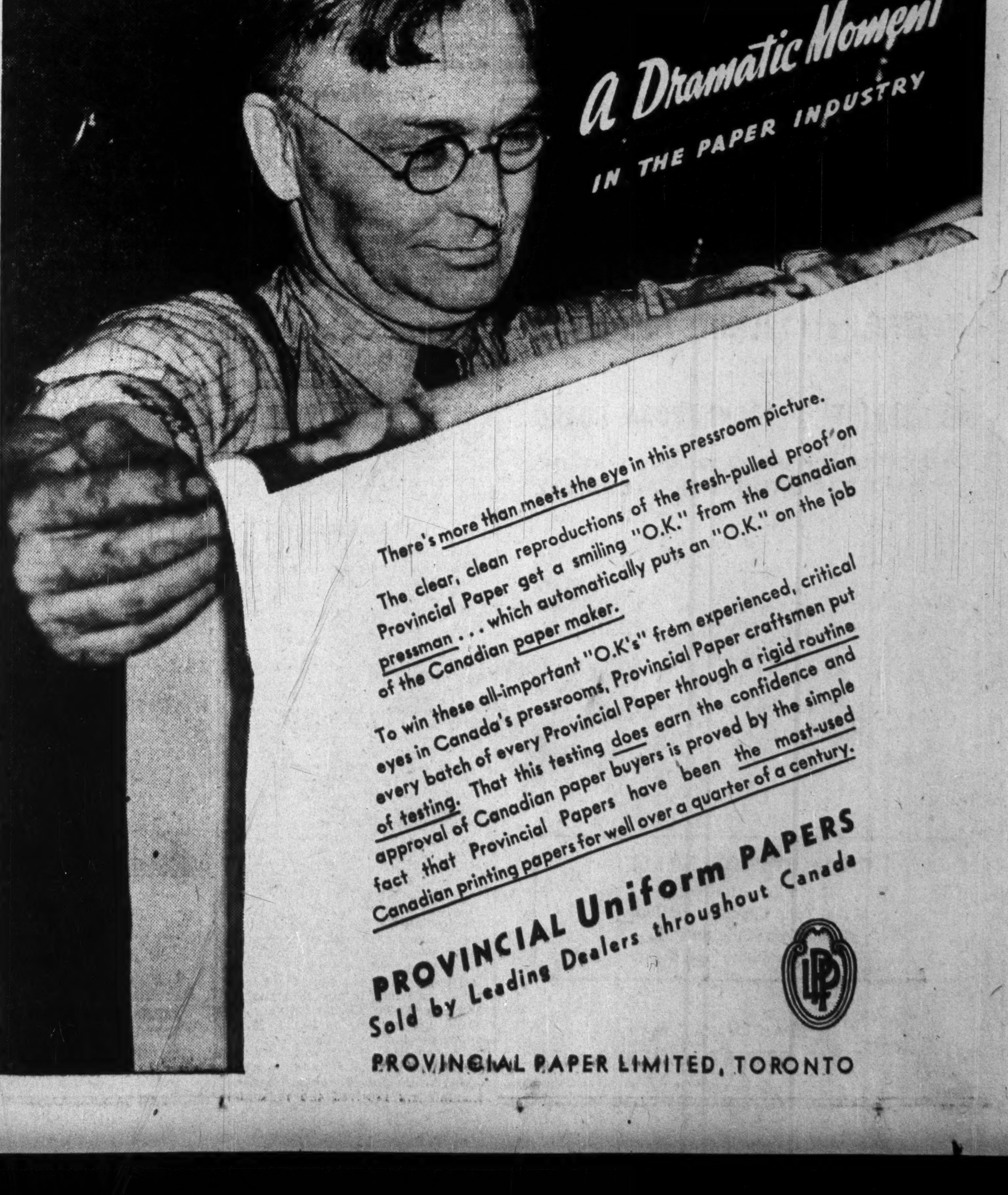

There's more than meets the eye in this pressroom picture.

The clear, clean reproductions of the fresh-pulled proof on Provincial Paper get a smiling "O.K." from the Canadian pressman . . . which automatically puts an "O.K." on the job of the Canadian paper maker.

To win these all-important "O.K's" from experienced, critical eyes in Canada's pressrooms, Provincial Paper craftsmen put every batch of every Provincial Paper through a rigid routine of testing. That this testing does earn the confidence and approval of Canadian paper buyers is proved by the simple fact that Provincial Papers have been the most-used Canadian printing papers for well over a quarter of a century.

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Mountains Of Newsprint

Canada Produces More Than Third of World Output

Production of newsprint in all countries of the world during 1938 totalled 7.5 million tons. This compares with almost 9 millions in the preceding year; with the depression low of 6.3 millions; the pre-depression high of 7.3 million tons; and the 10-year average 1928-1937, of almost 7.3 millions.

Canada continues to hold her position by a wide margin as the principal newsprint producing country in the world. Great Britain, which has been in second place since 1936, produced 954,000 tons last year, while the United States remained in third place with an output of 820,000 tons.

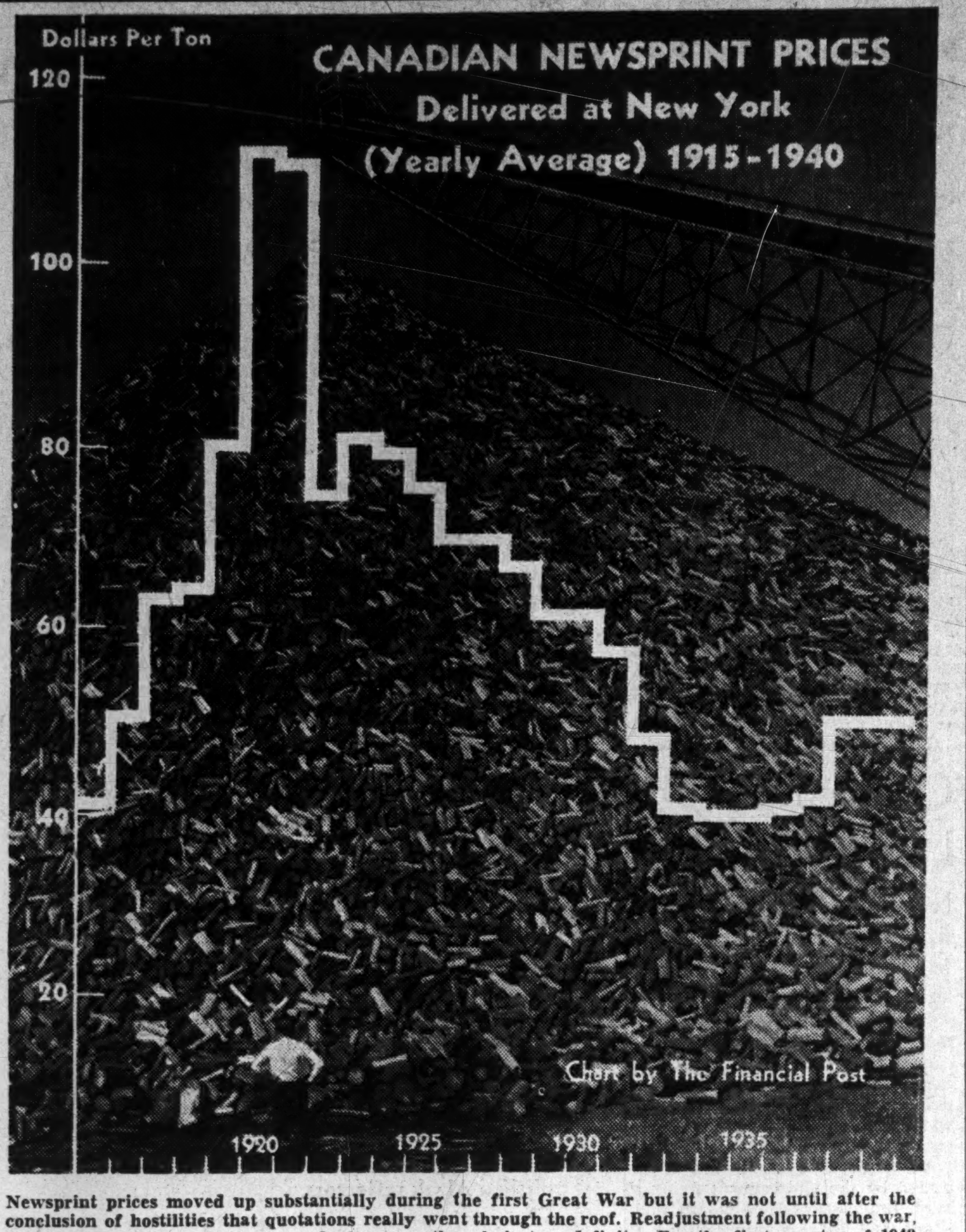
Changes in Output

Last year Canada produced more than a third of the world's newsprint, almost three times the total of any other country. The Dominion's output, however, was sharply down from 1937, when not far short of half the world's total originated in this country.

This abnormal output in 1937, however, was chiefly responsible for the curtailment last year. Manufactured stocks started to accumulate and at the same time, due to the depression of a year ago in United States, consumption fell off. The combination resulted in sharply curtailed Canadian production in 1938.

Comparison of the returns for last year with those for 1937, shows that Japan, Russia, Holland, Italy, Latvia, Hungary, Chile and Belgium produced a somewhat greater quantity of newsprint paper. Finland's production did not vary much, while Lithuania entered the ranks of producers for the first time with an output of only 2,000 tons.

The trend of production in each of the principal countries follows:



Newsprint prices moved up substantially during the first Great War but it was not until after the conclusion of hostilities that quotations really went through the roof. Readjustment following the war, as the chart shows, was a more gradual process though just as definite. For the first quarter of 1940 prices have been guaranteed by Canadian producers at present levels.

World Production of Newsprint Paper
(Thousand short tons)

Country	1938	1937	1936	Depression Low 1932	Pre-Depression High 1929	1928-1937 10-Year Average
Canada	2,625	3,645	3,190	1,914	2,729	2,595
Great Britain	854	1,033	1,004	790	637	818
United States	830	946	921	1,009	1,392	1,094
Germany	512	521	525	450	623	517
Finland	457	459	402	254	217	294
France	347	424	331	275	210	291
Japan	429	413	384	272	286	318
Newfoundland	268	353	328	272	256	295
Sweden	278	303	282	257	275	269
Norway	188	212	200	200	189	181
Russia	234	192	217	125(?)	48(?)	130(?)
Netherlands	105	97	91	85	77	86
Italy	77	66	69	74	52	66
Austria	55(?)	62	57	53	62	57
Belgium	39	57	53	40	57	49
Czecho-Slovakia	48(?)	54	46	40	47	43
Switzerland	46	50	44	45	48	45
Poland	37	44	32	23	23	29
Spain	..	18(?)	18(?)	65	30	40
Latvia	9	8	7	5	4	5
Estonia	6	7	7	6	27	13
Hungary	5	4	..	..	..	..
Chile	12	2	7	..	..	2
Bulgaria	2	1	..	..	..	..
Mexico	..	..	..	13	19	13
Denmark	..	..	..	9	11	7
Lithuania	2	..	..	..	..	..
Total output	7,555	8,971	8,215	6,276	7,319	7,257

Source: Newsprint Service Bureau.

Another Leading Industrial Concern*
SAVES MONEY ON PAINT
by calling in a SHERWIN-WILLIAMS PAINT ENGINEER

*Name on request

For years a prominent Canadian company had experienced paint trouble in one section of the plant interior. Year after year, paint applied to steelwork in October completely disintegrated by the following Spring, leaving the surface again fully exposed. Adverse conditions included heavy moisture condensation, chemical fumes and heat.

It was finally decided to consult a Sherwin-Williams paint engineer. After a study of the conditions, he recommended a special finish which was subsequently applied. This first application, made over 18 months ago, is still in excellent condition, providing full protection to the surface of the steelwork.

The Sherwin-Williams paint engineer is definitely saving this company money on paint!

Sherwin-Williams have specialized in the development and manufacture of paints, and paints only, for over 73 years. You can be sure that any finish recommended by the Sherwin-Williams paint engineer will give you the greatest possible value in appearance, improved lighting, sanitation and long life.

The Sherwin-Williams Company maintains an organized industrial advisory service which is freely at your disposal for consultation on all questions of paints and their application.

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COVER THE EARTH

SHERWIN-WILLIAMS PAINTS

Newsprint Companies Reviewed

Ontario Paper Co.

(Continued from page 24)

ties is held by the Chicago Tribune interests.

Many years ago the Chicago Tribune established a newsprint mill at Thorold, Ont. Expansion took place from time to time and the entire output of this mill was used by the Chicago Tribune and other papers in the Chicago area.

In order to meet the pulpwood requirements of this mill, extensive timber limits were acquired on the lower St. Lawrence. Shortly after the war, steps were taken to bring about a more complete exploitation of these limits through the development of a power site at Outardes Falls and the construction of a newsprint plant at Baie Comeau. But, as the position of the Canadian newsprint industry became unsettled, development work was deferred indefinitely.

Meanwhile the Chicago Tribune interests established the New York News, one of the more important tabloid papers in the United States. The newsprint requirements of this paper developed at a very fast rate and it has been necessary to purchase newsprint elsewhere. The desire to develop their own source of newsprint for the New York News grew, and three years ago it was decided to proceed actively with the Baie Comeau development. In April, 1936, work was commenced and in February, 1938, newsprint production was initiated.

Neither the Baie Comeau or Thorold plants sell in the open market. Their entire output is for the use of associated papers and, consequently, they are not regarded as commercial mills.

Pacific Mills

Pacific Mills Ltd., British Columbia subsidiary of Crown Zellerbach Corp., has experienced curtailment in operations this year, due to the lower demand for newsprint.

Operations of the company are carried on at Ocean Falls, B.C., where the company has installed equipment capable of producing on an annual basis 90,000 tons of newsprint, 28,000 tons of machine-finished wrapping paper; 18,000 tons of sulphite pulp; 62,000 tons of groundwood pulp; 30,000 tons of kraft pulp and 5,000 tons of wrapping and tissues.

There is no direct investment interest in Pacific Mills. Its returns are consolidated with those of the parent company. However, previous reports would indicate that the company has established a satisfactory earning power.

Powell River

Powell River Co., largest of the Canadian newsprint operators on the Pacific Coast, has operated on a curtailed basis this year, in line with most other newsprint operators in the Dominion. Nevertheless sales for 1939 should show a moderate increase over those reported for 1938.

The Sino-Japanese war has practically eliminated the Far East market of the company, and it has had to depend on the American market for its principal outlet.

This company is one of the seven companies which was indicated by a federal grand jury in San Francisco for violation of the anti-trust laws in connection with the manufacture and distribution of newsprint paper on the Pacific Coast.

Little information is available regarding the finances and earnings of Powell River Co. The property is owned and operated by the Brooks interests in Minneapolis. There is no public investment interest in the enterprise.

Price Bros.

Price Brothers & Co. owns two of the more modern and efficient newsprint mills in Canada, having a combined capacity of around 340,000 tons. The larger of these mills is at Kenagami, Chicoutimi County, Quebec and the other at Riverbend near the head of the Saguenay River and 23 miles from Kenogami. The larger mill has a cardboard and wrapping paper machine having a daily capacity of around 30 tons. On the south shore of the St. Lawrence, the company operates three saw mills with a combined annual capacity of about 75 million feet board measure. A wholly owned subsidiary operates a cardboard and specialty mill of 50 to 60 tons daily capacity.

Among its assets the company shows a large investment account. This account, shown at market value of $2.9 millions as at March 31, 1939, includes 12,850 shares of Aluminum Co. of America, and 14,922 6/10 shares of Aluminum Ltd.

Price Bros. has six developed water power sites with an aggregate capacity of 73,190 h.p., as well as two undeveloped sites with a potential power of 35,000 h.p. The company has a long term contract with Saguenay Power Co. for delivery of 40,000 h.p. annually to Jan. 1, 1977, at $12 per h.p.

The company was reorganized in 1937 following a period of failure to meet bond interest requirements. Bondholders received the redemption price for their bonds, plus interest and accrued interest on unpaid interest. Shareholders received common and preferred shares for their holdings in an agreed proportion. As a result the company now has $14.5 millions of first mortgage bonds outstanding and $3.9 millions of convertible second mortgage debentures. The debentures are convertible until March 1, 1947, into one common share for each $30 principal amount of debentures.

No dividends have been paid on the new 5½% preferred stock although payments are cumulative from Jan. 1, 1939.

Since reorganization, Price Bros. has improved its working capital from an excess of current liabilities over current assets amounting to $7.2 millions at March 31, 1937, to a net working capital of $7.3 millions in March of this year. The company has earned and paid interest on both first mortgage bonds and debentures regularly since reorganization.

Directors—H. J. Symington, chm.; Col. C. H. L. Jones, pres.; A. A. Aitken and J. H. Price, vice-pres.; J. D. Johnson, J. C. Newman, P. F. Sise, W. A. Arbuckle, Montreal; Alfred Marois, A. C. Picard, A. C. M. Thomson, Quebec, P.Q.; Sir Keith Price, London, Eng. **Sec.**—Hector Cimon. **Asst. sec.**—F. A. Bussieres. **Treas.**—P. W. Sims.

St. Lawrence Corp.

St. Lawrence Corp. is one of the principal holding companies in the newsprint field, controlling all the common stock of St. Lawrence Paper Mills and Brompton Pulp and Paper. It also holds about 25% of the common stock of the Lake St. John Power & Paper Co., but control of that enterprise lies with St. Lawrence Paper Mills, which also owns all the Lake St. John preferred stock.

Revenue received by the company from subsidiaries in 1938 amounted to $163,921, consisting of a dividend of 65 cents a share paid by Brompton. In 1937 Brompton distributed $1.10 a share. From 1932 to 1936, inclusive, St. Lawrence Corp. received no income from its subsidiaries.

As a result of the income received from Brompton, St. Lawrence Corp. was able to pay a dividend of 50c. a share on its own class A stock. This compares with a payment of $1 a share the year before, which was the first distribution to be made by the company since 1931. Arrears in dividends on the A stock amounted to $14.25 a share at the end of 1938.

Prospects of income for St. Lawrence Corp. are qualified by the fact that both St. Lawrence Paper Mills and Lake St. John Power & Paper have arrears to be paid off before and distribution may be made on their common stocks. The preferred stock of St. Lawrence Paper Mills, for example, was $47.25 in arrears on January 15, 1939, while interest for 1938 on the 5% Lake St. John debentures was deferred until that company's liquid position improves. There are no arrears on the Lake St. John preferred, which is non-cumulative. At present it appears that Brompton will be the only likely source of income for the parent company in 1939.

St. Lawrence Corp. has outstanding two classes of stock, namely, the $2 class A cumulative preferred and common stock. The preferred was issued in exchange for the common stock of Brompton, so that in effect it continues to represent the old Brompton common. There is this difference, namely, that the ability of St. Lawrence Corp. to pay dividends on the class A stock will be greatly enhanced if, as and when it receives any revenue from its investment in St. Lawrence Paper Mills and Lake St. John Power & Paper.

Directors—A. F. White, chm., Toronto; A. K. Cameron, pres.; J. I. Rankin, vice-pres.; H. C. Flood, R. W. Steele, A. H. Campbell, N. A. Timmins, Jr., D. H. Taylor, Montreal; H. H. Horsfall, G. R. Cottrelle, Toronto. **Compt. and treas.**—L. A. Tucker, Montreal. **Asst. to pres.**—P. M. Fox.

St. Lawrence Paper

Last year St. Lawrence Paper Mills Co. produced 94,490 tons of newsprint paper. This was equivalent to 53% of capacity. This year the company is likely to produce better than 100,000 tons of paper. This should be reflected in an improvement in operating profits. Much will depend upon developments in the last quarter, such as the continuance of a premium on American funds, increased demand. etc.

During 1938 St. Lawrence Paper had an operating profit of $507,093, a reduction of $290,000 from 1937. After all charges, including a $300,000 lower provision for depreciation, the company had a net profit of $58,045.

In addition to a drop in operating income, the failure of Lake St. John Power & Paper to pay a dividend, contributed to lower profits. In 1937 the company received $108,000 in dividends from Lake St. John.

Last year St. Lawrence Paper Mills spent $108,581 to complete the programme of renovation and improvements which was started in 1936.

At the end of last year the contract with the Scripps-Howard Papers expired and was not renewed. About 40,000 tons of newsprint were involved in this agreement and the company has replaced the lost tonnage through new contracts and a drawdown from the central pool.

The outlook for St. Lawrence Paper Mills, in common with the other newsprint operators, is largely colored by wartime conditions. It is anticipated that the Scandinavian mills will have difficulty in maintaining regularity of supplies to the United States and South American markets, turning business to Canada.

Directors—A. K. Cameron, chm.; J. I. Rankin, pres., Montreal; A. F. White, vice-pres. & man. dir., Toronto; H. C. Flood, R. W. Steele, P. H. Nitze, N. A. Timmins, Jr., A. H. Campbell, Montreal. **Compt. & sec.-treas.**—L. A. Tucker. **Gen. mgr.**—P. M. Fox.

Spruce Falls

Spruce Falls Power & Paper Co. operates mills with a daily capacity of 550 tons newsprint, 440 tons groundwood pulp and 230 tons sulphite pulp at Kapuskasing, Ont. The entire capital stock of the company is owned jointly by Kimberly-Clark Corp. and the New York Times, the former holding the controlling interest. A former issue of $8 millions of bonds was refunded privately in 1937 by means of a bank loan, thus eliminating public interest in the company.

Total sales in 1938 were $7.5 millions, of which $4.2 millions went to the New York Times and $1.4 million to Kimberly-Clark Corp. The remaining $1.9 million went to miscellaneous customers. Sales for the previous eight months' period totalled $5.6 millions and for the year ended April 30, 1937, $6.6 millions.

Net income for 1938 was $1.4 million, after all charges, against $731,318 for the preceding eight months. Of the $8 millions of loans obtained to refund the first mortgage bonds, amount outstanding had been reduced to $5.5 millions by the end of last year.

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The Great Lakes Paper Company, Limited

Manufacturers of
High-Grade Newsprint
and
Sulphite Pulp

Paper Mill at Fort William, Ontario
Toronto Office—55 York St.

THE Great Lakes Paper Company mill at Fort William, Ontario. The loading dock, from which paper goes by vessel to the Great Lakes ports is shown. A coal dock and paper warehouse have been constructed since this photograph was taken. The three wood piles contain up to 75,000 cords of pulpwood.

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F. K. CARLISLE, *Asst.-Treasurer and Comptroller*

THE FORT WILLIAM MILL has modern equipment including two paper machines (304" and 264" respectively) affording an annual capacity of 110,000 tons newsprint, and also excess sulphite mill capacity sufficient to provide approximately 15,000 tons annually of unbleached sulphite pulp for export.

The location of the mill is particularly favorable for low cost operation. The Mill is situated on tidewater, has facilities for storage of newsprint and pulp for water transportation at low rates to American consumers, operates its own coal handling plant, and is able to take advantage of cheap vessel transportation on coal and other operating supplies. Power is supplied under a contract with the Hydro Electric Power Commission of Ontario. The Mill is served by the Canadian Pacific and Canadian National Railways. Its location on the Kaministiquia River also affords facilities for convenient transportation to the Mill, by driving and rafting of raw pulpwood supplies.

Week in Mining

Higher Price for Gold Again Being Considered

Professor Says No—Institute Says Yes—Think Political Realities of Time May Be More Powerful Than Economic Theory

"Sooner than is generally thought, and perhaps even before peace is re-established, the United States will again be faced with the desire to revalue the dollar and increase the price of gold," says the Research Institute of Industry and Economics, Inc., of New York.

"There is no reason why the United States should further devalue the dollar, at least in the near future," declares the Dean of the School of Commerce, New York University, writing in the Journal of Commerce, New York.

Confronted with such difference of opinion, two conclusions at least seem safe: gold and its future price is very much up for consideration; and secondly, there will be utterly divergent views up to the very moment the gold price is again raised.

Opinion May Urge

Look at the reasons advanced by the Research Institute: "Public opinion may urge increasing the gold price to minimize a post-war economic disaster with sharply reduced industrial activity and living standards in the United States."

Other countries, it points out, have, often with government sponsorship, developed huge industries. "These potential peace-time competitors may—at least temporarily—take their toll of American trade, particularly if the American dollar remains high.

"Indeed, were it not for the war, the United States, with a high dollar as well as high labor costs would now find it difficult to compete with foreign goods in the world markets and even in the American market."

The Research Institute continues that debts are now tremendous, and that repudiation or devaluation are the only alternatives when debt becomes too burdensome. "Although in the meantime, nations will turn again to increased borrowing and increased issuance of paper currency, this, inevitably, will increase the pressure for further official currency devaluations and an increase in the price of gold."

There, briefly, is the one argument.

* * *

The Other Way

The Dean from New York University argues this way: "The dollar was devalued on the theory that it would bring about an increase in commodity prices. This did not materialize....So long as peace prevailed in Europe, there was hope that, sooner or later, a substantial portion of the foreign capital invested or placed for safekeeping in the United States would be repatriated in the form of gold. With the commencement of hostilities this hope has disappeared . . . A further devaluation would increase the dollar equivalent of the gold held in the United States, would stimulate greatly world production of gold and further aggravate the gold situation in this country."

Being a watcher of the way economic theory is so often pushed into the ditch by onrushing political forces, and of how vote-conscious politicians squirm their way out of unpleasant debt pictures, we are not too certain the Dean is not going to be disappointed.

* * *

Need Export Permits

The Dominion government has taken steps to prevent supplies of base metals from reaching Germany directly or indirectly. Permits are now required for export of most metals abroad or to the United States and the purchaser or consignee must be revealed in each case. The new regulations have also the object of conserving domestic and military requirements of these articles. Metals for which permits must be obtained are copper, lead, nickel, zinc, cobalt, cadmium and scrap metals of all kinds. Permits might prove valuable to the Government in supplying information to the British Ministry of Supply as to stocks of metals in transit and as to countries proving heavy buyers. This information could be used in detecting any weak spots in the British blockade against Germany.

* * *

The Gold Premium

The discount on the Canadian dollar is expected to continue for some time. The Bank of Canada does not feel that under present conditions Canada could afford to have her dollar at par with the U. S. It is probable the dollar may now move somewhat higher. Rigid control on foreign exchange transactions should strengthen the Canadian dollar, but this may be offset by purchases in the United States if there is revision of the neutrality act.

* * *

No Delay

Exchange Control regulations are not going to offer International Nickel any difficulty, and Canadian holders of that stock will continue to reap the profit of having their dividends paid in United States currency. The company has received the necessary permit under the Canadian Foreign Exchange Control regulations for payment of the current dividend and the necessary license to use its foreign exchange for all business requirements.

* * *

Isn't Worried

Falconbridge Nickel isn't worried about difficulties of shipping metal to its refinery in Norway. All the ships handling this business take the northern route up around Iceland and which seems to be just about the safest way across the ocean possible. Most of them are Norwegian and Swedish boats.

* * *

Their First War

Ontario Security Commissioner R. B. Whitehead has recently returned from attending the annual meeting of the National Association of Securities Commissioners held in Pennsylvania. He says the effect of war on security administration is one problem widely discussed at that convention. So far securities commissions have never gone through a war and are pretty vague as to what it may mean to them.

* * *

Prospecting Continues

War has had little effect on prospecting in the new Heenan township field, 12 miles northwest of Opeepeesway Lake, Ont. Latest reports state 100 claims have already been recorded.

Discoveries by Burke and Connolly, veteran prospectors, brought present interest. Three occurrences are understood opened up at surface. Hollinger Consolidated, Consolidated Smelters and other major mining companies have men in the field and Smelters has already located a number of claims.

The Segsworth interests of Toronto have secured a group of claims while D. H. Baird and associates of Sudbury have staked 18 claims in the one mile stretch between the Connolly and Burke finds on what they hope will prove the general strike of the area. Ed. Derraugh, one of the pioneers of the Swayze area, has located a property and plans to do immediate development work.

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Plan Enlarging Hasaga's Mill

Consider Increasing Mill From 170 to 500 or 1,000-ton Rate

As a result of recent ore disclosures at the No. 1 and No. 2 mine operations of Hasaga Gold Mines, management of the company is now giving consideration to immediate increase in mill capacity.

The former Red Lake Gold Shore mill now owned by Hasaga is treating an average of 170 tons of ore daily and capacity can be increased to 500 tons as foundations and space are already available in the building. Alternative plans are to either raise the present mill to 500 tons and sort out the better grade ore, or increase capacity to 1,000 tons, with low grade ore to be offset by very low costs. By introducing flotation into the circuit and grinding and cyaniding the concentrates, a considerable increase in capacity, possibly up to as much as 3,000 tons daily, could be obtained at small expense, it is believed.

Ore is Ready

The ore already outlined at the No. 1 Hasaga workings together with the tonnage which could be drawn above the 175-ft. level at the No. 2 operation warrant the expenditure for increasing capacity of the mill, officials state.

The No. 1 operation is the most important with the shaft now down 925 ft. on the way to 1,050 ft. Levels have been established at 250, 375, 550, 650 and 850 ft. with work so far carried out on levels down to 500 ft. A new ore body lately opened up to the west at the 500-ft. level is the best so far found. It has been exposed by drifting for a length of 253 ft. averaging $9.83 per ton across an average width of 6.4 ft. Diamond drilling from surface indicates ore for 800 ft. ahead of the present face, it is stated. One hole runs $15.25 across 3 ft. The ore already opened will run wider than 6.4 ft. and is expected to mine out to 10 or 12 ft. Stopes 20 ft. wide are already being run in this section.

The Hasaga No. 2 operation, formerly the Starratt-Olson, has a shaft down 265 ft. with a level opened up at 175 ft. depth. Drifting southwesterly on this level is stated to have been at least 75% in ore averaging between $8 and $9 to the ton. A drill hole just ahead of the face is stated to run $37.10 per ton. Workings are now getting under the section where good values were obtained on surface. In the next few months an electric mining plant will be installed at this property and the shaft will be continued to open up two more levels.

Broulan Hopes For Mace Mill

Negotiations For Use of Mill on Rental Basis Reported

If negotiations reported are brought to a successful conclusion, Broulan Porcupine Mines will be able to treat its ore on a rental basis at the 300-ton mill of Mace Gold Mines. Ore can be delivered from the Broulan mine to the Mace mill by truck. This arrangement should prove satisfactory to both companies as Broulan has developed a considerable tonnage of ore and Mace Gold Mines has about exhausted present known ore resources at its property.

Broulan Ore Impressive

Work on the 173-ft. level at Broulan gives evidence of the impressive ore now being opened up at this property. A length of 220 ft. has been opened which drilling indicates to have an average width of 68 ft. Uncut grade is $14.39 per ton and cut grade $8.85 per ton. This ore body gives 1,243 tons of ore per vertical foot.

At the 273-ft. level, results from two ore bodies indicate 1,343 tons of ore per vertical foot with an uncut average of $9.68 or a cut average of $8.86 per ton. Ore has been proved to extend through from the 273 to the 173-ft. level by raising.

On the 398-ft. level the 301E drift face is 407 ft. east of the main crosscut and diamond drilling at 25-ft. intervals is under way. The last two holes through the zone returned 28 ft. averaging $10.58 and 26 ft. averaging $12.06 per ton. Other sections running $7.87 across 5 ft. and $48.65 across 5 ft. were obtained in the second hole.

Based on results on the first two levels, indicated ore to the 398-ft. level would be about 525,000 tons, or enough to supply a 300-ton mill five years.

Present development is expected to be completed on four levels within two months, while the company has funds available for from three to four months. Ore tests have revealed no metallurgical difficulties, the company reports.

Franco Reviews Drilling Interests

Holds Shares of Several Companies Working Lloydminster

Fields in which operations of Franco Oils are being carried on either directly or through other companies comprise the Lloydminster, Vermilion, Battle View, Unity-Vera, Cardston Dome and Little Turner areas, a letter to shareholders reveals.

In the Lloydminster field, a third interest is held in Shaw-Petroleums which completed an oil well with an estimated flow of 300 barrels daily on Aug. 28. A contract for 100 barrels daily is stated to have been completed with Saskatchewan Power Commission at North Battleford.

Other Lloydminster interests are: 25% in Triangle Gas & Oil with two natural gas wells and a third to be drilled; 50% in Colony Oil & Gas Co. which should complete a well by Oct. 25; and a 66% interest in Lloydminster-Royalties with a reported 200-barrel oil well.

A third interest is held in Vermilion Oils, which is said to have brought in a crude well of 300 barrels daily capacity on the Vermilion field. Drilling of a further well is to be done. A third interest has also been taken in Battleview Oils. Drilling of a further well on the Unity-Vera structure will be carried out this winter. Oil and gas were found in a first well.

Drilling of wells on the Cardston, Dome and Little Turner structures is to be completed. The Cardston Dome well is down 4,650 ft. and gas is expected at 5,200 to 5,600 ft. The Little Turner well was spudded Sept. 4.

Attention is now being paid by Franco to provision of natural gas for large municipalities in Saskatchewan and Alberta. Application for a franchise in Saskatoon has been approved by the city council and the franchise is now before the local government board for examination.

Upper Canada Mill Ready

Scheduled Operation Early in October Will Cap Years of Persistent Effort

By GORDON M. GRANT
Staff Writer, The Financial Post

When Upper Canada Mines turns over its new 150-ton mill early next month, years of persistent exploration and development will have been rewarded, and an operation with apparently excellent chances of success will be launched on its way.

Few companies have ever started their mill with the full knowledge of recoveries and costs at disposal of the Upper Canada management. This information was gleaned from treatment of ore at the leased mill of Morris Kirkland Gold Mines and indicates that the operation will be profitable.

From November of last year to the end of August, shipments of ore by truck to the Morris-Kirkland mill totalled 36,100 tons with recovery of $486,883, an average of $13.49 a ton. September production should be close to the August total of $55,070, bringing production, prior to the turning over of the company's own mill, to well over half a million dollars, believed a record in Canadian gold mining.

Profits of $20,000 Monthly

Profits from the shipment of this ore have averaged close to $20,000 monthly the last few months and have made an important contribution to mill financing. The fact that the company could realize such a sizeable operating profit is important, since a heavy development programme was being carried on. When regular milling starts, development may not be on nearly as extensive a scale. Sinking to open up two new levels at 625 and 750 ft. was completed recently. This expense was capitalized so officials feel that mine work is well ahead of the mill.

After the initial period of tuning in the mill on low grade development rock, mill heads are expected to average better than $14 a ton. This estimate is supported by average recovery of $13.49 a ton obtained from shipments. These shipments have included considerable lower grade development rock, a large part of which may now be eliminated.

Costs will depend, of course, on the tonnage of ore milled but it is anticipated overall costs will be under $7 a ton before taxes, depreciation or deferred development. Depreciation and deferred development write-offs may absorb $1.50 a ton.

Say Tax Excessive

As things stand at present, the excess profits tax will make a large hole in profits. If net profits should prove as high as $400,000 per annum, this tax might take as much as $150,000 because the mine is a new one with no record of past earnings to exempt it from a large burden of tax. President R. R. Brown believes this situation will be corrected by the Government in the near future. Such a tax burden would have the effect of discouraging search for other mines and would more than offset the encouragement offered new gold mines by exemption from corporate income tax for the first three years of their productive life.

Expect 200-Ton Capacity

While rated mill capacity is 150 tons daily, officials anticipate 200 tons of ore daily will be treated with present equipment. Hoisting equipment is very large and the primary crushing equipment will handle 250 tons of ore each eight-hour shift. An increase in ball mill capacity to 250 tons daily should not be difficult.

Results underground appear to indicate the mine will have a long life. Upper Canada is not a "one vein mine" and commercial ore has been opened up in three distinct zones. The southernmost of these is the "H" ore zone and is opened up on all four present developed levels at 125, 250, 375 and 500 ft.

On the 250-ft. level, a length of 460 ft. of ore has been developed with an unreduced average grade of $17.50 per ton. On the 500-ft. level, where the best results have been obtained in all three ore zones, the "H" zone shows a length of 500 ft. with widths of 4 to 5 ft. Most of the ore shipped to the mill has come from the "H" zone.

Development Details

The "M" zone lying north of the "H" zone has been opened up on the 375 and 500-ft. levels, showing a length of over 300 ft. on the latter level 10 to 12 ft. in width. Raising above the 375-ft. level ran out of ore but a surface drill hole has intersected a width of 5.3 ft. averaging $39.35 a ton at a depth of around 90 ft. This hole is expected to guide drifting at the 250-ft. level.

Full details on grade of this ore shoot are not available but at the 375-ft. level a length of 200 ft. averaged $10 a ton across a width of 20 ft. A long drive is now being put out west of the shaft on the 250-ft. level to explore diamond drill intersections which evidently represent an extension of the "M" zone west. One hole showed 20 ft. of core averaging $12.30 and another hole had 15 ft. giving values of $23.45, $8.05 and $3.15 across 5-ft. widths.

In the "Q" zone which lies northwest of the shaft and north of the "M" showing, a length of 200 ft. has been opened up on the 500-ft. level, the only one yet explored. Further work will be necessary to determine the average grade and width of this ore.

Crosscutting to the ore zone has not yet been started on the new levels at 625 and 750 ft. but this will be started by the time the mill is turned over.

Retire Production Notes

First profits from production are expected to be used to retire an issue of $150,000 of production notes issued to finance the mill. These notes sold at 78.34% of par value, bear interest at 6% per annum, and can be called at any time without notice, in lots of $25,000. After these notes are retired, the company will probably want to build up working capital and expand mill capacity before giving consideration to dividends.

President R. R. Brown has been associated with mining both in Canada and the United States for many years and the bringing in of Upper Canada represents the end of a long and patient search for a property capable of producton. Roy Henry, the resident mine manager, was with Teck-Hughes Gold Mines for many years and is very familiar with Kirkland Lake belt conditions. J. H. Botsford, the underground superintendent, is another old Kirkland Lake man. Geologist and consulting engineer of the enterprise is R. Massey Williams and Douglas Bryden is mill superintendent. The mill was built by the company.

Week in Oils

Oil Producers Demand Dominion's Protection

Want Anti-dumping Duties Enforced Against Growing Imports of Cut-rate Montana Crude—See Gap in Exchange Control Policy

From Our Own Correspondent

CALGARY.—Probability that the general policy of exchange control will be an influential factor in inducing Ottawa to take action to enlarge the market for Alberta crude oil is being widely considered here.

Reducing as much as possible transfer of Canadian funds to United States or elsewhere is the avowed purpose of the Exchange Control Act. Hence, it is argued, if Ottawa is really devoted to this aim, it could reduce payments abroad by oil distributors and refiners through making it desirable for them to buy more Alberta crude.

Unfair Competition

Meanwhile, charging 'unfair competition,' Turner Valley producers have launched an attack to drive Montana gasoline from the Canadian Prairies. The Alberta Petroleum Association, in a plea to the Canadian Customs Department, charges that the Canadian oil industry has been steadily losing ground in its fight for the Southern Alberta and Saskatchewan market because of 'dumping' by Montana refiners, and asks for imposition of dumping duties. Despite the steady increase in Turner Valley potential, imports from Montana have increased by more than 50% annually the past three years and, unless checked, will reach 16 million gallons for 1939, it is declared.

Montana refiners, it is charged, are more than meeting Turner Valley competition and disposing of their surplus-over-home-requirements by selling gasoline to Canadian marketers at 25% to 35% less than their prices on equal quantities sold for distribution on the American side of the border. The result has been a gradual tearing down of the price structure in Southern Alberta, and a losing battle for Turner Valley in this area, the charge continues.

* * *

Quote Evidence

In its message to Ottawa The Petroleum Association declares: "The Customs Department has the authority to investigate and apply dumping duties where the selling price to the purchaser in Canada is less than the cost of production plus a reasonable advance for selling cost and profit. Evidence given to the McGillivry Royal Commission shows that the prices paid to Montana refiners were less than what the latter would sell to equal purchasers in the domestic market, that is, a definite case of dumping under the Canadian law."

Imports from Montana in 1936 were almost 4.4 million Imperial gallons, 7% of Alberta's total consumption. In 1937 imports increased 10% of consumption, in 1938 15%. Unless checked, 1939 imports are expected to reach 16 million gallons, 18% to 20% of total consumption.

In terms of Turner Valley crude oil, the 1938 imports from Montana were equivalent to about 500,000 bbls. The 1939 estimated imports equal about 800,000 bbls. of crude.

* * *

New Producer—New Field

Producing 224 bbls. and 232 bbls. of heavy crude in successive 24 hour periods, the Lloydminster Royalties well has proved a new source of road and fuel oil in central east Alberta. Production was obtained with a Fluid-Pack Pump, following unsuccessful attempts to obtain commercial production by use of gas-lift pumps.

The well marks the first successful effort to obtain commercial oil production in the Lloydminster-Vermilion area, and is the first well in Alberta outside of Turner Valley to obtain production of more than 100 bbls. daily, either free-flowing or producing by pump. A market for the oil, which has a gravity of between 15 and 20 degrees Baume, is believed assured. It makes an ideal road oil, for which Alberta has a market of some 1.2 million gallons annually and Saskatchewan over 2 million gallons.

In the same area two other recently completed wells go on test this week. These are the Waintown-Battleview-Franco well near Vermilion and the Shaw-Franco No. 2 well at Lloydminster, completed at depths between 1,750 and 1,850 ft., and showing conditions comparable to those at the new producer. A new well in this area, Vermilion-Franco No. 1, was spudded in a few days ago and is now drilling below 200 ft.

* * *

Gets New Quota

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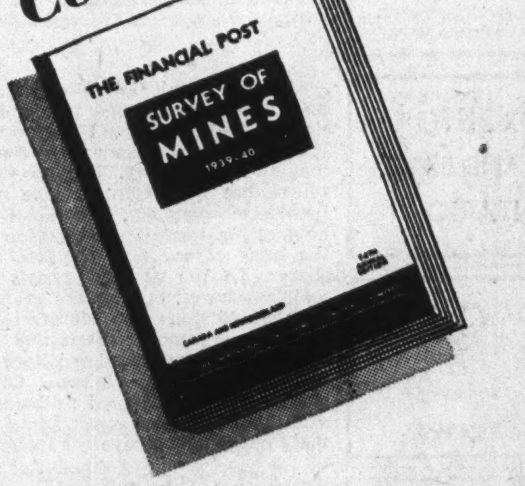

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War Metals—Lead

Consolidated Smelters Produces 99 Per Cent of Canadian Output

In the second of The Financial Post series on munition metals, the position of lead is discussed with special reference to Canadian production.

What are chief wartime uses for lead?

Lead finds its chief wartime use in the manufacture of ammunition. Bullets are made of lead, and even nickel-steel bullets are filled with lead. Lead is also valuable in the manufacture of equipment where strength is not an important factor. It also forms a covering for cables. The manufacture of batteries absorbs a large amount of lead in peacetime and this is likely to be important in wartime with the increased emphasis on mechanization. Motorized equipment and signalling apparatus require a large supply of batteries and submarines have batteries as a source of power when under water.

* * *

Is production of lead from the British Empire sufficient to meet requirements of Britain and France?

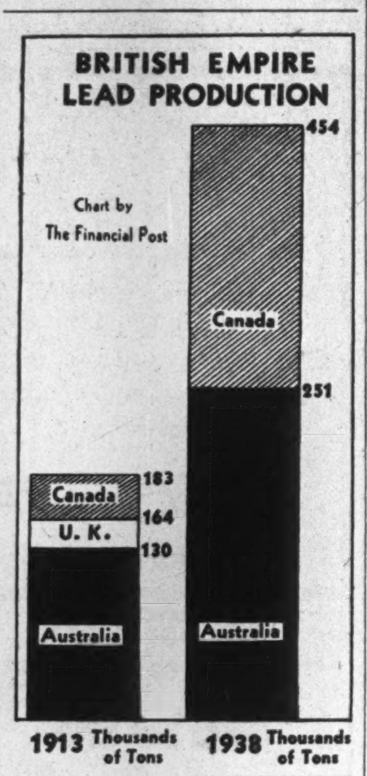
Yes. At the beginning of the last war British Empire and France produced little over half their needed supply of lead, but the British Empire now produces sufficient to meet the full requirements of both Britain and France. While war needs will likely cause an increased demand for lead, Empire producers have been operating at less than capacity so production can be increased immediately to meet needs. Equipment can usually be operated beyond its normal capacity in case of necessity, and this is expected in the present struggle. New mines will undoubtedly be opened up if the price of lead is sufficiently attractive.

* * *

Has Germany sufficient lead to meet her own requirements?

No. In 1938, production of lead in Germany totalled 194,093 tons against German peacetime consumption of around 250,000 tons per annum. It appears that requirements in wartime will be much greater than in peace and a shortage will be experienced if supplies on hand are not sufficient to meet the deficiency. Lead production in the rest of Europe would be sufficient to meet German deficiency in lead but most of it will not likely be available due to the British blockade.

Soviet Russia cannot help Germany for it is not a great lead producing country. In fact her output is only about two thirds of the Belgium total. Spain was formerly a big lead producer and its productive resources are likely being restored at the present time. The allied blockade should be effective in preventing the Spanish output reaching Germany, however.



* * *

What are the chief sources of lead supply in Canada, and what are the chances of increasing Canadian production by the opening up of further mines?

Canadian lead production is almost entirely obtained from the Sullivan mine of Consolidated Mining and Smelting Co. Canada produces about 420 million pounds annually, or 45% of the British Empire's lead and with Consolidated Smelters producing over 99% of the Canadian total. There are further potential sources of output in Canada but at present not much is being done to tap them. A small 100-ton mill is located on the property of Lake Geneva Mining Co., and this will likely be the first new producer to start up.

Probably best chances of increasing present lead production exist in the Slocan district of British Columbia where many old mines are known to exist which could be reopened if the price were high enough. Consolidated Mining and Smelting Co. is interested in a large lead-zinc property in the North West Territories, and consideration might possibly be given to the opening up of the deposit there. In Ontario, the old Errington mine of Treadwell Yukon Corp. might be turned into a lead producer, while the near-by Sudbury Basin mine also has some lead. Calumet Mines owns a property on Calumet Island in the Ottawa River on which diamond drilling has indicated a considerable ore tonnage with a good lead content. The Notre Dame de Sange deposit in Quebec might be reopened. Many other properties undoubtedly exist which could be developed under the insistence of a heavy war demand.

* * *

What facilities are there in Canada for the refining and fabricating of our lead output?

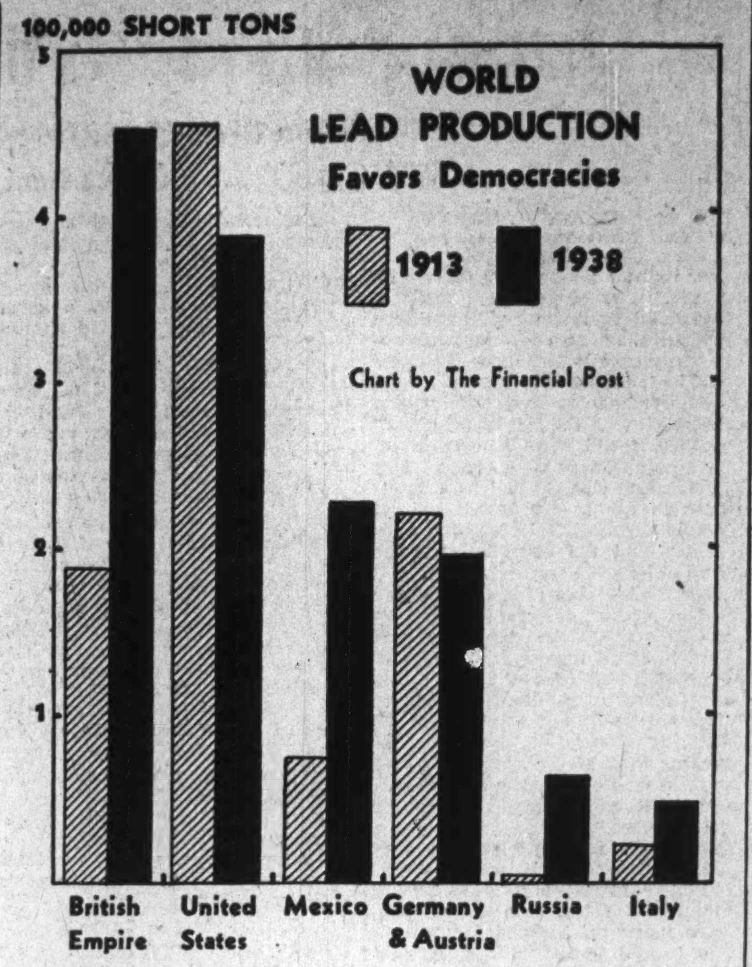
Consolidated Mining and Smelting has a large lead refinery at Trail, B.C., where it not only treats its own output but the production of other properties on a customs basis. This is the only lead refinery in Canada.

Fabrication of lead can be carried out very readily in Canada. Ammunition was turned out in large quantities in the last war and our supply of precision equipment and skilled personnel should be even greater at the present time. It appears likely a considerable proportion of lead output will now go abroad in fabricated form in order to avoid any strain on the productive resources of the mother country.

* * *

What is the likelihood of Canadian lead producers receiving more than the present fixed price of £17 sterling a long ton for their output?

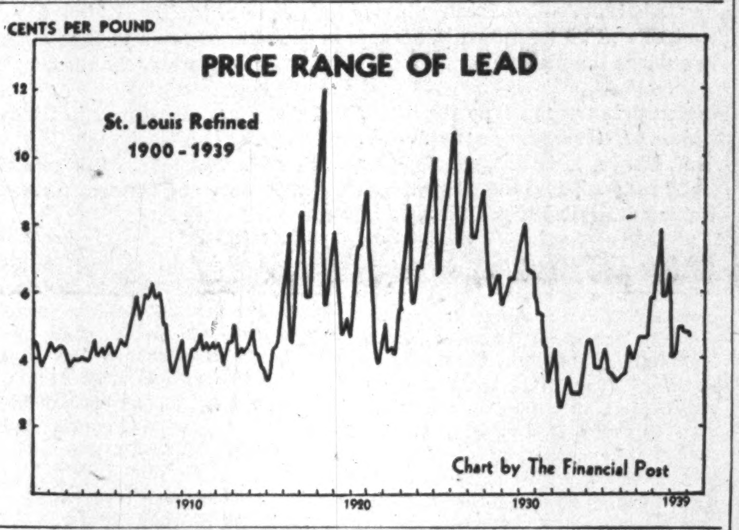
The price of £17 sterling for lead will not necessarily be maintained indefinitely by the British Ministry of Supply, but may be varied from time to time particularly if the needed supply is not forthcoming at that price. From the Canadian viewpoint, the price is considered a very fair one to lead producers as long as the pound sterling does not go to an excessive discount in terms of Canadian currency. Consolidated Mining and Smelting Co., the dominating factor in the Canadian lead-producing industry is stated to be negotiating with the British Government with a view to selling its output at a fixed price but no definite statement has been made as yet.



If Consolidated Mining and Smelting Co. and other large Empire producers sell their output at a fixed price it is felt that the price may not be fixed for other producers and the price might be allowed to go up to encourage the bringing in of new producers. The United States market will remain closed to Canadian production unless the price of lead should go up considerably as the United States has had a tariff on lead for over a century, ranging from a low of 15% ad valorem to as high as 3c. per lb.

What is the position of the International lead cartel now that war has broken out?

So far the lead cartel has not changed its policy since the outbreak of war and what its future policy will be isn't clear. The lead cartel is estimated to control 75% of the output of lead outside the United States and during the last year cartel members have been restricting lead output to 90% of capacity. Object of the lead cartel was to stabilize lead at £16 to £18 sterling. The fixed price for lead is now £17. Any increase in demand appears likely to mean a removal of restrictions by the cartel or a break-up of the cartel itself. Producers outside the sterling block may regard £17 a long ton for lead as too low due to the decline in the pound, however, but Empire producers can supply all the allies' requirements. With a big demand for lead it is felt that British Empire producer- will open up to capacity, cartel or no cartel, and that steps will be taken to hold down any increase in the price of lead.



Mining Concentrates

Abbeville Gold Mines has suspended work at its property in the Rouyn area of Quebec due to outbreak of war and the difficulty of financing. Workings are being kept dewatered in readiness for a resumption of operations when funds are again available.

* * *

Algoma Summit Gold Mines shareholders have approved reorganization of the company. Under terms of the reorganization a new 3-million share company, Magino Gold Mines, has been formed. One million-share company, Magino Gold holders for eventual distribution on the basis of one new for four old shares. Of the new company's remaining shares, options are granted on 1,350,000 shares, 300,718 are to be issued to secured creditors and 15,978 shares to unsecured creditors for witholding their claims. Other shares are to be issued as bonuses with 100,000 shares expected to remain in the new company's treasury.

* * *

Beresford Lake Mines has completed seven drill holes on its property in the Rice Lake area of Manitoba on the new vein discovered last summer, north of the original Oro Grande vein. Holes cover a length of 400 ft. Underground work is proceeding from the north end of the 225-ft. level to test the new vein and other ore chances. The drift has about 100 ft. to go to reach the new ore. Milling with the 50-ton mill already on the property may be resumed before the end of the year.

* * *

Bulolo Gold Dredging produced 13,645 oz. of fine gold in August compared with 13,053 oz. in July and 16,209 oz. in August, 1938. Production in August was from 1,609,000 cubic yards of gravel against 1,435,000 yards in the previous month and 1,249,000 cubic yards in August a year ago. No figures for working profit have been released.

* * *

Cochenour Willans Gold Mines has poured all the concrete foundations for its 150-ton milling unit and construction of the mill itself is expected to be completed before the end of the year. Deepening of the shaft to open further levels is under way.

* * *

Cymry Gold Mines has decided to let a contract for 5,000 ft. of additional drilling for its property in the Larder Lake area, according to President J. H. Thomas.

* * *

Darkwater Mines has had its shares removed from trading on the Toronto Stock Exchange.

* * *

Golconda Mines has opened up a high grade surface showing on its property north of the main break in the Duparquet area of Quebec. Although overburden is heavy, the showing has been stripped for 170 ft. and has been traced for 400 ft. through trenches. A series of 55 geological samples have been taken and will be correlated on a geological plan. There is a proposal for drilling the boundary of Golconda and the claims under option to Duquesne to test a theory of a juncture of a new break with the old break.

* * *

Grandview Mines will carry out a programme of diamond drilling on its property in the Pend Oreille district, State of Washington. The new work will be concentrated on the known mineralized zone in an attempt to prove up a body of ore warranting production plans. At the end of 1938 working capital was reported at $24,298, with $50,000 to be paid for the old Grandville mill in installments of $5,000 annually.

* * *

Gold Eagle Gold Mines has encountered what is believed to be a new ore shoot in drifting to the east at the 375-ft. level. Drifting has also started on the 125-ft. level toward the same section with an estimated 150 ft. to go.

* * *

Hartford-MacClure Gold Mines is continuing diamond drilling to prove up zones A, B and C on its property in the Larder Lake area of Ontario. The property adjoins that of Yama Gold Mines. Work to date has comprised extensive surface work 7,000 ft. of diamond drilling, two tunnels 189 and 32 ft. in length, and a 35-ft. shaft. Results to date have been very encouraging, according to President Thomas MacClure.

* * *

Hollinger Consolidated Gold Mines had completed the crosscut on the 1,550-ft. level to the boundary of Gillies Lake-Porcupine Gold Mines by the end of August and exploration of the latter company's property is now proceeding.

* * *

Jerome Gold Mines is now carrying out lateral work on levels at 200, 350 and 500 ft. depth following completion of the shaft to its objective at 525 ft. By the end of the year it is planned have 600 or 700 ft. of development accomplished on each level when a fairly good picture of the deposit outlined by diamond drilling will be had.

* * *

Jason Mines is now cutting the level at 375 ft. depth in the No. 1 vein area. About 20 ft. of crosscutting will be required to reach the vein. It is anticipated drifting will be resumed shortly on the 250-ft. level.

* * *

Kirkland Lake Gold Mining Co. has declared the regular semi-annual dividend of 4 cents a share plus an extra of one cent a share, both payable Nov. 1, to shareholders of record Oct. 2.

* * *

Lake Geneva Mining Co. with property in Hess twp., northwest of Sudbury, is considering resuming operations. Previous work was undertaken in 1937, and operations had just got under way when the power house was destroyed by fire. Subsequently, metal prices declined, and it was decided to await more favorable conditions. There is a well-equipped 100-ton mill on the property. Two levels have been opened in the mine and a fair tonnage of ore disclosed. If and when operations are resumed it is intended to undertake a programme of exploration and development.

* * *

Murray-Algoma Mines believes that the molybdenite ore body of Regnery Metals has now been traced on Murray-Algoma ground as a result of new work. Surface exploration has already exposed 21 gold bearing veins. A mill of 30-50 tons capacity is on the property and the present programme is to include resumption of gold production with this unit.

* * *

North American Molybdenum Corp. optioned 200,000 shares to Harry E. Wilkins on Sept. 7, 1939, as follows: 30,000 shares at 40 cents a share payable within 30 days; 50,000 shares at 60 cents a share payable within 60 days; 120,000 shares at 75 cents a share payable within 90 days. Company was incorporated in July, 1939, with an authorized capital of 500,000 shares; 150,007 shares have been issued.

* * *

Pend Oreille Mines & Metals is one of those companies to be affected by regulations of the Foreign Exchange Board instituted at the end of last week. While the chief market for the stock is in Toronto, the company's property is situated in the State of Washington just over the international boundary from British Columbia.

* * *

Preston East Dome is reported to be making preparations for continuing its shaft from its present depth of 730 ft. to 1,200 ft.

* * *

Pioneer Gold Mines will carry out a programme of diamond drilling on the old Camp McKinney gold property following the placing of a crew on the property about two weeks ago. A number of properties have been optioned in the area. The old Cariboo-Amelia workings have been dewatered and diamond drilling has been decided on as the quickest and most economical way of determining the nature of the underground programme. Prior to 1903, the Cariboo-Amelia property produced $1,250,000 down to the 5th level and from $500,000 to $600,000 was distributed in dividends.

* * *

Peterson Cobalt Mines has had its shares removed from trading on the Toronto Stock Exchange.

* * *

Pontiac Rouyn Mines completed a financing agreement with Minefinders and Rhodes Exploration and Finance of Canada on Aug. 30, under which these companies agreed to purchase 200,000 Pontiac Rouyn shares at 17½ cents per share and conditionally agreed to purchase 100,000 shares at 25 cents per share within six months; an option was granted on a further 600,000 shares at 30 to 55 cents a share payable by Aug. 20, 1941. Authorized capital is 3.5 million shares with 2,365,161 issued.

* * *

Rose Gold Mining Co. is making a distribution with 10 new shares, 6½ shares of Chesterville and $1.25 in cash being given for each 100 old shares held.

* * *

Sheep Creek Gold Mines has completed its tunnel to within 640 ft. of the boundary of the Kootenay Ore Hill property. As the tunnel is being advanced about 10 ft. daily exploration of the optioned Kootenay Ore Hill ground is expected to begin in about two months time.

* * *

Sullivan Consolidated Mines has declared a dividend of 3 cents a share plus an extra of 1 cent a share, both payable Oct. 31, 1939, to shareholders of record Oct. 16. On May 15, 1939, a dividend of 3 cents a share was paid.

* * *

Santiago Mines completed an agreement with Remsen Financial Corp. on July 14 for the taking up of 88,500 shares at 5 cents forthwith and a further 11,500 shares at 5 cents within 15 days. An option was granted on 800,000 shares at 15 to 45 cents payable 15,000 shares monthly from Aug. 15 for four months and thereafter 20,000 shares per month. Authorized capital is 1.5 million shares all of which have been issued; 900,000 shares, however, have been donated for treasury purposes.

* * *

Teck-Hughes Gold Mines is continuing diamond drilling in Dasserat Twp., Que., on a large property which might be an extension of Larder Lake conditions. No results have been made known but two drills have been kept at work all season. The company is also interested in the Thompson-Bousquet property in the northern part of Bousquet twp., Que.

* * *

Wanapitei Basin Mines plans to resume work this fall. In previous surface work, two main veins were found 10 and 12 ft. in width in addition to several other veins. A mill run of ore in Ottawa gave a return of $43.92 a ton and ore was proved to be of a free milling character. Diamond drilling returned values from 80 cents to $38.80 per ton.

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